

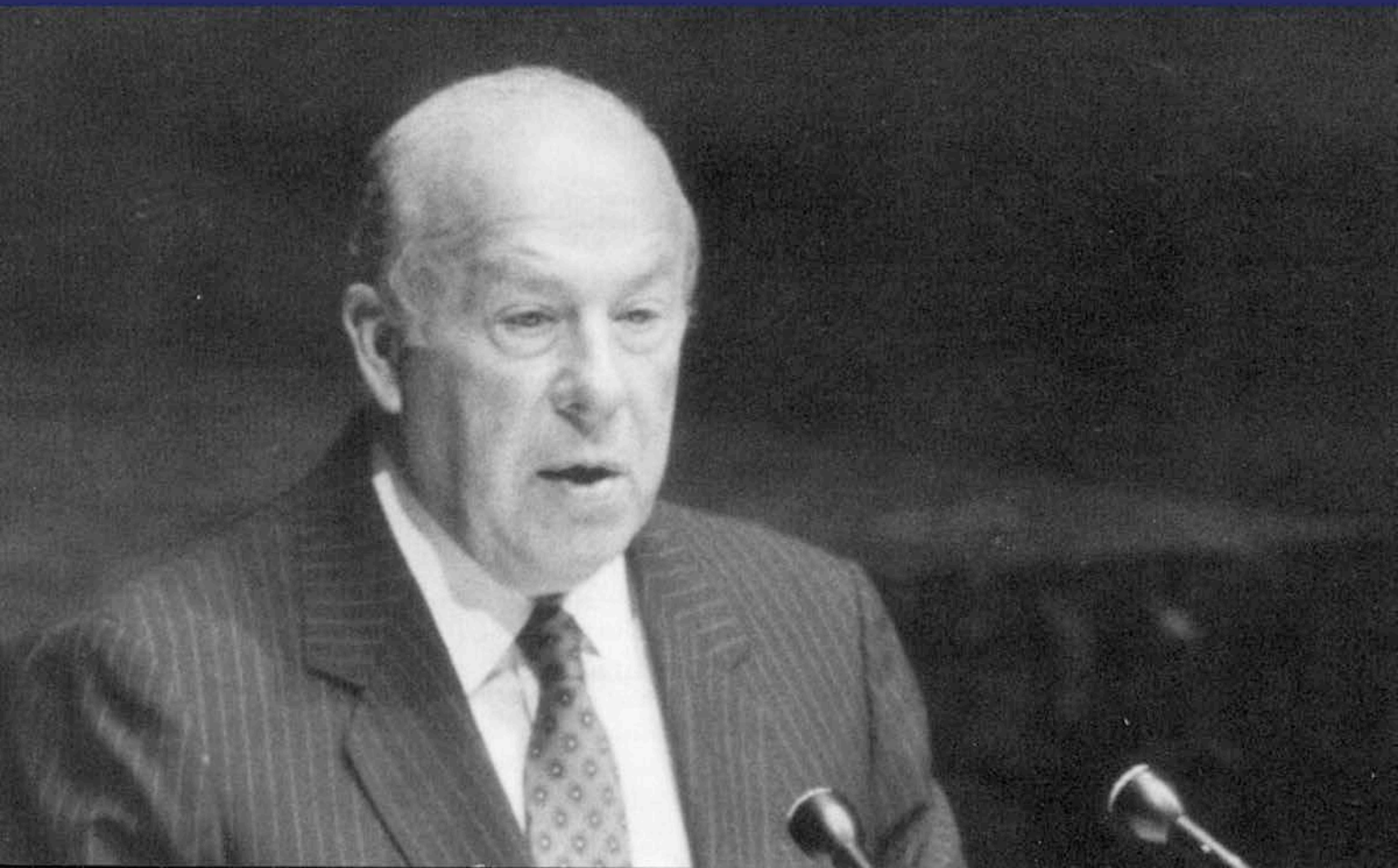
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Schwarzenegger's Economics Savages California
Cartel Monoculture Threatens World Food Supply
Huge Potential in China's Ibero-American Diplomacy

LaRouche Launches Attack On Shultz's Fascist Vulcans



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Fall 2004

Those Populist Fools Who Would Seek A Contract Even With God

Lyndon H. LaRouche, Jr.

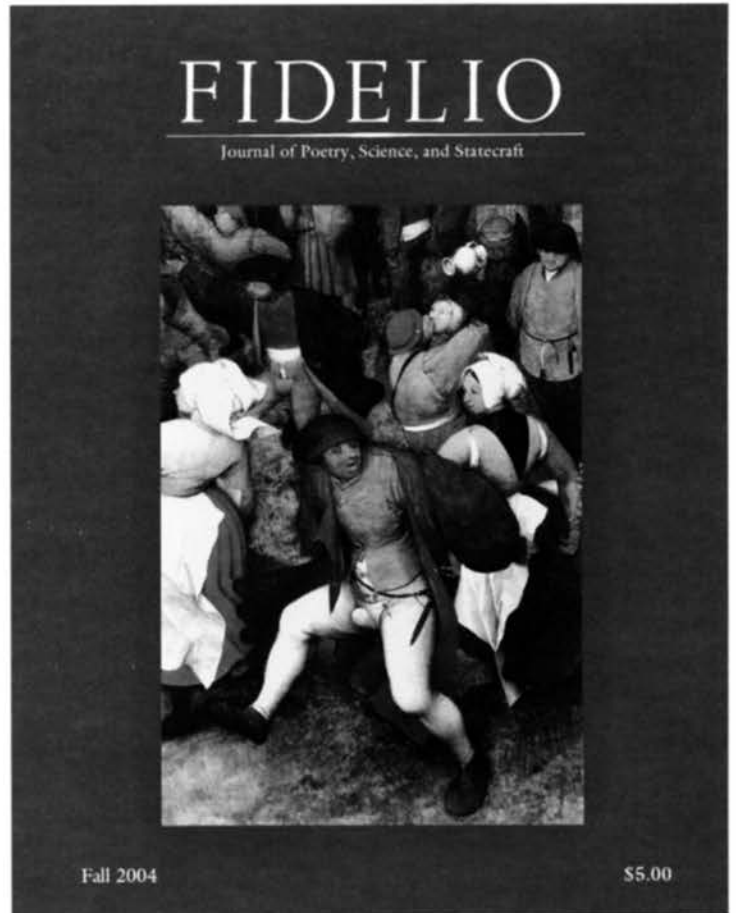
In the works of Erasmus, More, Rabelais, Cervantes, and Shakespeare, the word 'folly' has a profoundly ironical, ambiguous meaning. In their usage, it refers to a time when madness had overtaken a nation and its people, a time of foolishness, like that of the recent decades of our own U.S.A., which prompts the foolish popular opinion of that time to regard as fools their contemporary wise men and women, rather than their own misguided, foolish selves.

A Shakespeare Dialogue: Acting On the Stage of History

Stanley Ezrol, Terry Jones, Gerald Rose

The One and the Many, and the Dialogue Among Cultures

Helga Zepp LaRouche, Ken Kronberg, Richard Welsh



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From the Associate Editor

Lyndon LaRouche's new flanking attack against George Shultz's fascist "Vulcans"—the controllers of President Bush—begins in this issue, with LaRouche's review of the explosive new book *Confessions of an Economic Hit Man*, by John Perkins. Perkins knows from the inside a good bit about some of the crimes that have been committed against Third World nations by Shultz's crowd. But he also makes some important blunders, because he lacks the strategic-historical overview, and competence in economics, which LaRouche provides.

LaRouche has been at war with these Economic Hit Men—or EHMs, as Perkins dubs them—for more than 30 years, as we document in this issue (see " 'Hit Men' vs. LaRouche's Fusion Energy Foundation," page 17), and as we shall report in further detail next week. It is they, and their controllers such as George Shultz, who railroaded LaRouche to prison for five years on trumped-up charges, because he represents the most potent intellectual force opposing their vicious destruction of the nation-state.

Elsewhere in this issue are news stories that show the "hit men" in action around the world, including Arnold Schwarzenegger's brutal austerity program in California; Tony Blair's in Britain; and the ravaging of the Israeli economy on the same free-trade model.

The release of LaRouche's new "shaped charge" against the oligarchical enemy comes at a time when the dollar has reached a new low, and America's friends, allies, and trading partners are looking desperately for a route to survival. See *International* for our report on the Chinese diplomacy in South America, and LaRouche's commentary on that in his webcast address to Argentine and Peruvian students. The dollar collapse and the need for a new world monetary-financial system are addressed in our *Editorial*, as well as by LaRouche in his various contributions in this issue.

With our publication of Rep. Henry Waxman's (D-Calif.) open letter demanding additional hearings on the contracts of Dick Cheney's Halliburton in Iraq, we initiate a policy of running extensive excerpts of important Congressional documents that are being given short shrift by the media. Though blocked by a "Vulcanized" House and Senate leadership, some Congressmen are taking important initiatives that deserve widespread publicity and support.

Susan Welsh

EIR Contents

Cover This Week

George Shultz—
then-U.S. Secretary
of State, and
decades-long
controller of the
“Economic Hit
Men”—addresses
the United Nations
General Assembly
in 1985.



4 LaRouche Launches Attack on Shultz’s Fascist Vulcans

A new book by John Perkins, *Confessions of an Economic Hit Man*, has prompted Lyndon LaRouche to launch a flanking attack against George Shultz’s fascist “Vulcan” apparatus in the Bush Administration. The networks and operations identified by Perkins are, in many cases, known to *EIR* from events in which we have been prominent players over decades; but on certain key aspects, Perkins misses the point.

6 The Follies of the Economic Hitmen: Re- Animating the World’s Economy

By Lyndon H. LaRouche, Jr. In John Perkins’ otherwise notably useful book, “there are four systemic errors concerning the principles of physical economy, and one, added point of curious unclarity, concerning his references, there and elsewhere, to the meaning of the events of September 11, 2001.”

17 ‘Hit Men’ vs. LaRouche’s Fusion Energy Foundation

A case study of the Nuclear Club of Wall Street.

19 FEF Led Nuclear Science, Development Battle

20 Perkins’ Exposé Shows Free Trade Enslavement

A telephone presentation by Lyndon H. LaRouche, Jr. to the LaRouche Youth Movement in Denmark.

National

28 Schwarzenegger Savages California, Aims at Presidency

George Shultz and others will be watching closely to see if their Hollywood front-man is capable of pushing through fascist looting policies on California. If so, they are ready to unleash him on the only juicier target there is: the United States.

30 Congress Passes a War and Austerity Budget

32 Rep. Waxman Demands Halliburton Hearings

International

- 34 Huge Potential in China's Ibero-American Initiatives**
Chinese President Hu Jintao made a two-week diplomatic and trade foray to Brazil, Argentina, Chile, and Cuba. He announced that China is prepared to invest \$100 billion in Ibero-America over the next ten years, and would double the current level of business over the next three.
- 36 Argentina's Enemies Are the Synarchist Bankers**
Lyndon H. LaRouche, Jr. gave this presentation to a webcast video-conference with youth in Argentina and Peru.
- 47 Austerity, Fear Basis for Blair Re-Election**
- 49 Conference Report: 'Eurasian Youth Initiative' in Moscow**
- 51 Ivory Coast: West Behind Rebels in Raw Materials Grab**

Economics

- 52 Dangers of Cartel Monoculture Threaten Nations' Food Supplies**
An interview with Dr. William Heffernan.
- 59 Sharon, Netanyahu Are Making Israel Poorer**
- 61 Bush FDA Protects Profit Rather Than Health**
Congressional hearings showed gross negligence of the U.S. Food and Drug Administration.

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Science & Technology

- 64 Nuclear Power: The Litmus Test for Space Exploration**
A review of *To the End of the Solar System: The Story of the Nuclear Rocket*, by James A. Dewar.
- 66 Why Use Nuclear Energy?**
- 69 Dr. Glenn Seaborg on 'The Nuclear Space Age'**

Interviews

- 52 Dr. William Heffernan**
For three decades, Dr. Heffernan has led research into the control over U.S. farm and food sectors by a small number of firms. He is now engaged in a review of the global patterns and implications.

Departments

- 63 Report From Germany**
Poverty Is Increasing Dramatically.

Editorial

- 72 It's Not Just the Dollar, It's the System**

LaRouche Launches Attack On Shultz's Fascist Vulcans

by Jeffrey Steinberg

The publication and initial widespread circulation of a book, *Confessions of an Economic Hit Man*, by John Perkins, has prompted Lyndon LaRouche to launch a major new international flanking attack against George Shultz's fascist "Vulcan" apparatus, an attack which could catapult the Perkins book to the top of the international best-seller lists, and drive the would-be controllers of the Bush-Cheney "Halliburton Regime" into new, greater-than-ever fits of wild-eyed rage.

The Perkins book recounts the author's decades-long career as a self-described "economic hit man" (EHM), working through multinational corporate cover, on behalf of international financier circles, to bankrupt and loot the key nations of the developing sector, by saddling them with unpayable foreign debts and grabbing control of their strategic raw materials wealth. Much of this was done through LaRouche's long-standing adversaries at the International Monetary Fund and World Bank. Indeed, LaRouche and associates have identified this modus operandi, in published locations, over many decades as "bankers' arithmetic."

As Perkins has explained repeatedly, 9/11 drove him to break a long silence, because he was now convinced he must expose this apparatus behind the "economic hit men."

As Perkins reported in a Nov. 11 interview with Amy Goodman of Democracy Now, "When the economic hit men fail in this scenario, the next step is what we call the jackals . . . [who] come in and try to foment a coup or revolution. If that doesn't work, they perform assassinations, or try to."

During his own career as an "economic hit man," employed by the New England engineering firm Chas. T. Main, Inc., Perkins reports that he saw two heads of state who tried

to defend the interests of their own people against the vultures of the International Monetary Fund and World Bank, assassinated in fiery plane crashes: Panama's chief of state Omar Torrijos and Ecuador's President Jaime Roldos.

Perkins named George Shultz, the former Bechtel executive, Secretary of State, and creator of Condoleezza Rice's "Vulcan" neo-con apparatus, as a pivotal player in the apparatus into which Perkins was recruited for his role as an economic hit man. It is that network associated with Shultz and others, which Perkins has now come forward to expose.

The Real Deal

At this moment, an investigative team of *EIR* editors and reporters, under the personal direction of LaRouche, is cross-gridding the material contained in the Perkins account, with documented real-world events which have already been known to us over the past several decades. LaRouche and his *EIR* colleagues have been prominent players in many of those events, events and players which do conform to the picture presented by author Perkins in his own autobiographical story, with several important caveats.

The most crucial of the facts which Perkins reports stand up to the standard of the rich vein of personal experience and knowledge we have accumulated over these decades of our sometimes crucial role in important parts of world affairs. There is, however, a certain fallacy of composition in his view of the operations he describes. Therefore, we adopt his report insofar as it corresponds to our prior knowledge of these matters; but, the key part, which his book seems not to recognize, defines the point at which we must make clear the most crucial facts of the matter.



Lyndon H. LaRouche, Jr. (above) is out to destroy the Anglo-Dutch Liberal system, which spawned the “economic hit men” controlled by the likes of former Secretary of State George Shultz. Shultz is shown here (left) with Vice President Dick Cheney (center) and Secretary of State Colin Powell.

The international financier circles described by Perkins as an “American global empire” are, in fact, part of an apparatus centered, not in the U.S.A., but in Western Europe, particularly in the City of London. This apparatus, an extension of the Venetian rentier-financier oligarchy, later morphed into what is today called the “Anglo-Dutch Liberal system” of private central banking, characterized by a Physiocratic obsession with vise-grip private cartel control over strategic raw materials, and a deep commitment to a Malthusian nightmare of radical world population reduction.

That Anglo-Dutch system was fully consolidated by the 1763 close of the Seven Years’ War, and was, for the next century, dominated by the British East India Company of Lord Shelburne, Jeremy Bentham, Adam Smith, Edward Gibbon, and James Mill. It was this same apparatus, later under Lord Palmerston, that orchestrated the Southern secession and the U.S.A. Civil War. In the 20th Century, through its Bank for International Settlements (BIS), it installed Adolf Hitler and the Nazis in power in Germany, Mussolini in Italy, Franco in Spain, and other subservient fascist regimes in other parts of Eurasia.

Today this apparatus is behind the Bush-Cheney Administration, as most clearly shown by Shultz’s role in installing Condi Rice at the President’s side, to “Vulcanize” George W. Bush’s brain.

LaRouche vs. the ‘EHM’

The history of the LaRouche movement is, above all else, a history of 40 years of combat against this Anglo-Dutch oligarchy. Thus, the events described in the Perkins book take on special, broader meaning when cross-gridded with that direct experience.

Indeed, the list of assassinated world leaders, who fought for national sovereignty and economic development, extends far beyond the Torrijos and Roldos cases, and includes: Indian Prime Ministers Indira and Rajiv Gandhi; West German bankers Jürgen Ponto, Hanns-Martin Schleyer, and Alfred Herrhausen; and Italian Prime Minister Aldo Moro.

In the domain of Perkins’ personal experience, economic warfare, we have seen the decimation of Mexico, at the point that then-President José López Portillo, in 1982, took up LaRouche’s “Operation Juárez” plan for a debt moratorium and a new global financial system; the Balkan Wars of the 1989-99 period, to block the realization of LaRouche’s plan for a European productive triangle; and the perpetual warfare in Southwest Asia, to fulfill Zbigniew Brzezinski’s evil pledge to the late Shah of Iran that there would be “no new Japans” allowed to develop in the Persian Gulf or south of the Rio Grande. The two Iraq wars of 1991 and 2003 are but another legacy of that Brzezinski pledge, which had earlier been made policy by Brzezinski’s GOP alter ego, Henry A. Kissinger, in his infamous 1974 National Security Study Memorandum 200, which defined Malthusian population warfare, and Anglo-American raw materials cartelization, as official national security policy of the United States.

Through front outfits like the late-1970s “Nuclear Club of Wall Street,” the very nexus of corporate and banking interests described by Perkins, the London-centered financial oligarchy sought, directly, on a number of occasions, unsuccessfully, to silence LaRouche and crush his movement altogether.

The documentation of this historic fight, which fills out Perkins’ personal account of the “economic hit men,” will be presented, in great detail, in the next several issues of *EIR*.

Re-Animating the World's Economy

by Lyndon H. LaRouche, Jr.

November 24, 2004

In John Perkins' otherwise notably useful *Confessions of an Economic Hit Man*, there are four systemic errors concerning the principles of physical economy, and one, added point of curious unclarity, concerning his references, there and elsewhere, to the meaning of the events of September 11, 2001.

Error Number One:

First, and foremost, he greatly exaggerates the place of the United States of America in the authorship of operations associated with what he identifies as "The Economic Hitmen."

The precedent for, and actual root of the operation which he otherwise describes fairly, is typified by those operations run by that Venetian financier oligarchy's Florentine House of Bardi which led into the so-called New Dark Age of Europe's Fourteenth Century. The notorious Bardi agents nicknamed "Biche" and "Mouche," were the leading Venetian "economic hitmen" of that century.

The organization behind the contemporary operations Perkins describes, is the direct descendent of that same Venetian financier oligarchy, which operates today under its current guise as the Europe-based, international, Anglo-Dutch Liberal financier oligarchical system, of which today's United States, like today's second-generation economic hitman, Arnold Schwarzenegger controller George Shultz, is merely a leading subsidiary instrument.¹

The U.S.A. has certainly played the most conspicuous role in operations associated with what Perkins identified as the Economic Hitmen, but there is a grave error of assumption in arguing, or even implying that the motive for this role by the U.S. was authored from within the bounds of the U.S.A.

1. George Shultz's father, Birl Earl Shultz, was an integral part of the "Trust" arrangements of the 1920s, between Anglo-American oligarchical families and the Soviet intelligence services. From 1918 to 1923, B.E. Shultz was personnel director of American International Corp. at 120 Broadway in New York City, which places him at the very center of the Trust in the United States, immediately after the Bolshevik Revolution. Also at 120 Broadway were a complex of firms trading and investing in Russian raw materials, and the Federal Reserve Bank of New York.

itself. Unfortunately, only those who were adults during World War II, are likely, without assistance, to recall the relevant ways in which the world has changed since author Perkins was born; it is typical of Perkins' generation to miss the crucial point here.

The U.S. which had been led in recovery by President Franklin Roosevelt, had emerged from the war as the world's only stable economic power, and as the head of the world system which emerged from the aftermath of that conflict. Therefore, if anyone wished to do something important against the world at large after 1945, that someone had to find a way of gaining controlling influence over the power embodied in the post-World War II U.S.A.

Over the interval since the death of Roosevelt, a series of breaking developments has taken down the U.S. policy-structures by which Roosevelt had led in saving the U.S.A., and Roosevelt's U.S.A. had saved the world. These changes in control over U.S. policy, came chiefly in discrete increments of destructive shifts in policies. This includes, notably, the processes unfolding following the terrifying events of 1962-63 and the 1964, fraudulent launching of the official U.S. war in Indo-China, and with the developments of 1971-81 under the leadership of National Security Advisors Henry A. Kissinger and Zbigniew Brzezinski. The George Shultz whom Perkins justly fingers as a very bad man of his story, was a key figure, if, like George's father, often somewhat behind the scenes, in the relevant dirty doings throughout that period and following.

Under the changes unleashed beginning the middle of the 1960s, the U.S. was put through a process of transformation from being the world's leading producer nation, toward a transformation into an internally despoiled "post-industrial utopia," sucking the blood of the world in a fashion recalling the reign of "bread and circuses" in a self-doomed ancient imperial Rome. Thus, the U.S. ceased, more and more, to act in expression of its own national interests, and acted increasingly, instead, as an expendable tool of a new role assigned to it, within a process of so-called "globalization" conducted by a utopian alliance among a concert of international financier-oligarchical forces.

These forces were, in the main, the same network of inter-



President Nixon meeting in the White House on May 4, 1971 with Cabinet officials. Left to right: Arthur Burns, John Connally, Nixon, Paul McCracken, and George Shultz. Three months later, Nixon's team—with Shultz playing a key role—pulled the plug on the Bretton Woods monetary system, ushering in the "post-industrial" society.

national financier-oligarchical entities, once known as the Synarchist International, which had created modern fascism in the image of Alessandro Cagliostro's and Count Joseph de Maistre's Napoleon Bonaparte,² and had swallowed up the nations of western and central continental Europe into the Nazi system over the interval from banker Volpi di Misurata's Mussolini coup of 1922, through the close of the war in Europe.

In the course of a show-trial-like, exemplary treatment of some Nazis, we of the allied powers never uprooted the higher level of that financier-oligarchical cabal which, itself, had been behind the creation and direction of 1922-1945 fascist power which Hitler came to direct in Europe, as in control over Mexico's Synarchists, and elsewhere. Under U.S. President Truman and later, we absorbed them, with much of their ill-gained financial holdings intact, into the post-war system. They are back, in force, today, with figures such as George Shultz and his Vice-President Dick Cheney now performing relevant services to that same pack of financial rats.

It is that international financier oligarchical entity which has used the U.S. as the obvious keystone, and even often a virtual puppet, of a concert of international forces which have used, and still use the U.S.A. as a leading chess-piece on the

2. Cagliostro and de Maistre were among the leading figures of a strange freemasonic cult, the Martinists, organized by London's Lord Shelburne around some of the networks of the notorious Voltaire. Cagliostro was notorious for his conspiratorial orchestration of the affairs of the Queen's Necklace, an artifice scandal, like those which the Mellon-Scaife circles attempted against President Bill Clinton, used to poison French opinion against Marie Antoinette, the Queen of France and sister of the Austrian Emperor Joseph II. Napoleon, originally a protégé of the brothers Robespierre, and later of the notorious Barras who gave him Josephine, was won into playing a new role, modelled on the Spanish Grand Inquisitor Tomás de Torquemada, by the architect of Napoleon's new roles as First Consul and Emperor. This model, that of the Torquemada admired by de Maistre, was the model for Hitler; it was from Torquemada that Hitler adopted his mass murder of Jews. The project for a "universal SS state" developed under Hitler, is a model of reference for the present doctrine of "globalization."

global board of play. Thus, the U.S. today is, itself, more often more played by a global financier oligarchy from above, than the player. To maintain that arrangement between chessboard and player, it is convenient to accuse the Queen, who is being used on the board, of being the one to be considered as the actual player.

Today's popularized name for this process of destruction, and absorption of the U.S.A. and other nations, is "globalization," otherwise known by such names as the European "stability pact," a murderous pact ruinously inserted into the Maastricht agreements. On this world chessboard of today, there are enumerably numerous players, including even heads of governments, who, in reality, show little more actual free will than the mere chess pieces which are being played from behind the table-top.³

Error Number Two:

Perkins' second systemic error is that, although he does point out, that the leading roles of swindles of victim nations run through Robert McNamara's World Bank and the International Monetary Fund, were based on what was, in fact, a classical Venetian oligarchical usurers' loading victim-nations with the poison pill of a pre-calculated, crippling overload of project-debt, Perkins does not grasp the crucial point about the systemic quality of the role of George Shultz et al. in the 1971-1972 destruction of the Bretton Woods fixed-

3. In a commonplace Romanticist's misunderstanding of the principles of Classical drama, the issue of tragedy is the failure of leaders, such as heads of government. In actual Classical drama, the tragedy lies not with the leaders, but with the culture as a whole, as in the case of the 1618-1648 Thirty Years War. In a real tragedy, the leader's failure is to act in consistency with the self-doomed culture, as in the case of Schiller's treatment of Spain's Philip II or Wallenstein. The leader who sticks to operating within the established rules of the game under conditions of a systemic crisis, is, by virtue of that behavior, a mere puppet of the situation, like Shakespeare's Hamlet, however wild his flailings otherwise. In such a crisis, only the exceptional leader who overturns the chessboard is of any notable value to society.

exchange-rate, regulated monetary-financial system. Without that change in the world monetary-financial system, the specific cases referenced by Perkins' book could not have been engineered as was done.

It was international player George Shultz who played a key role in duping President Richard Nixon's Administration into the August 1971 collapse of the U.S. post-war monetary system. It was the same Shultz who led the 1972 operation at the Azores conference, which sank the Bretton Woods system. This was the same Shultz who was a crucial factor of ruin leading into October 1987, operating within the Reagan Administration, and who orchestrated the crafting of the first administration of George W. Bush, Jr. It was he who placed sociopath Dick Cheney of Halliburton notoriety into the position to serve both as Vice-President and co-controller of the President, with Karl Rove and Condoleezza Rice, through the Shultz who had designated Condoleezza Rice as the daily "vulcanizer" of that ostentatiously half-witted, rug-chewing, puppet President.

Error Number Three:

Third, Perkins makes a dangerous error in assuming that it was the adoption of large projects by targetted nations, which was the root-cause of those nations' ruin by Shultz's circles. On this point the following point is to be emphasized, as a matter of clarification.

Perkins is correct to emphasize that the wildly exaggerated rates of return built in, as lure, into the hitmen's forecasts for the projects, were, indeed, an obvious part of the Enron-like bait-and-switch marketing tactics used in deploying relevant IMF and World Bank projects for takeover and looting of client nations.

However, it was not the large infrastructure investments which caused the problem, but, rather, as I shall elaborate that crucial point here below, a lack of broad-based development of the section of the national economy into which the infrastructure projects were inserted. Perkins, like virtually every practicing economist under sixty-three years of age today, has no conception of the rudiments of those historically vindicated principles of economic development, which were the secret of the U.S. rise to great power under Henry C. Carey's President Abraham Lincoln and later, principles laid out by the first U.S. Treasury Secretary Alexander Hamilton's 1791 Report to the U.S. Congress *On the Subject of Manufactures*.

Error Number Four:

Fourth, is Perkins' failure to grasp the deadly error of "green" assumption in his own currently advocated types of economic programs for targetted nations. He does not recognize that it was what was not done, which was the chief cause of the miserable failure of many of the high-ticket engineering projects in which he was involved. These mistakes are consistent with those recurring errors of assumption, in his book's

anti-technology reaction against his own earlier economic-hitman role under Chas T. Swain.

And 9/11:

Finally, on this list, Perkins has not only stated that the decision to cease postponing the writing of his long-intended book, was prompted by the wish to act against those forces responsible for the horrifying events of September 11, 2001. He has repeated his identification of that as the motive for his book in at least two radio interviews which I have audited. To my knowledge, he has failed, so far, to explain that in terms which make clear exactly what he means by that reference.

Admittedly, his statement, by itself, might appear to correspond to my own earlier estimate of the kind of terrorist action against which I had first warned publicly in January 2001, but he has not given any apparent indication of evidence to that effect. In spite of the fallacy of composition featured in the floundering, so far, by the 9/11 Commission's published reporting, the action on that date in question could only have occurred for the same reasons I had specified in my warning in January 2001. In that publicized January address, I had warned that we must expect an early event comparable to Hermann Göring's organizing the Reichstag Fire as a means for giving to Hitler the dictatorial "emergency" powers of the type prescribed by Professor Leo Strauss' infamous one-time sponsor Carl Schmitt, and emulated by John Ashcroft, Dick Cheney et al. in the hours following the 9/11 horror. In that sense, there has been a persisting clear connection between the Göring Reichstag Fire precedent and the way in which the horror of 9/11 was used to introduce already prepared measures of dictatorship into the U.S. system during the hours immediately following the attack itself.

Thus, Perkins' making the link to 9/11 and the matter of the economic hitmen, does suggest something broadly analogous to the actions taken by Göring in the aftermath of the founding of the Bank for International Settlements (BIS), and preceding BIS-linked Hjalmar Schacht's appointment as overlord of Nazi Germany's build-up for war; but, Perkins does not appear to confirm an intention to have made such a connection in his own thinking on the matter.

The "Politics of Fear" used by the Hitler regime, from the time of Reichstag Fire, reigns on, once more, still today, in the wake of 9/11, not only under puppet President George W. Bush, Jr., but in the Great Britain of Cheney's partners in the government of Prime Minister Tony Blair. It did not stop with the November 2, 2004 U.S. election; it has been escalated now, again, since the date of that election.

Given those sundry relevant considerations, I have hastened to give John Perkins credit for his contribution to a presently urgent effort to warn the U.S.A. itself from the ruin into which our republic is being plunged by the catalog of infamy written by Leporellos such as George Shultz. Having awarded Perkins the credit he now deserves, I must consign the crafting of both a deeper analysis of the matter, and speci-

fication of the needed remedies, to other hands, notably including my own.

Those five points now listed taken into account to that degree, I shall now proceed by confining our attention, essentially, to the technical aspects of Perkins' errors numbered three and four, and then conclude with an important matching reference to the matter of freeing our republic from the continued, Dracula-like grip of "The Politics of Fear."

1. Infrastructure & Productivity

Take the exemplary case of the Rural Electrification program of the President Franklin Roosevelt Administration. The success of this program, like the comparable Tennessee Valley project, lay not in the investment in that infrastructure itself, but in the apparently catalytic effect of that development on the resulting net increase of the productive powers of labor in the affected areas. Reciprocally, the effectiveness of such investments in basic economic infrastructure increase the productive powers of labor per capita, and per square kilometer, in proportion to the correlated improvement of the quality of mental development and conditions of life of the population in general. It is the failure to deliver such catalytic benefits to the increased net productivity of the labor-force in the population of the affected region as a whole, which is the mark of an engineering project which failed economically, not by fault of its design, but the lack of relevant, coordinated development to raise the net quality of life and productivity in the affected area.

Basic economic infrastructure has the essential character of an intermediate product to be consumed in the economic process as a whole. It is in the final product of which infrastructural development is an essential intermediate component, that the means of payment to the benefit of the national economy is found. So, as in the case of an excellent education for unemployed graduates, it is the unrealized portion of the properly intended use of the infrastructure which determines the marginal rate of net outcome of the investment for the economy as a whole.

This means, for example, that the development of the productive potential of the population, and hence also its physical-economic standard of living, must be increased at rates which will enable that population to realize the benefits of capital and related improvements in basic economic infrastructure and capitalized modes of production of goods and services. Failure to do this, will turn an otherwise good project into the equivalent, for that nation, of a burdensome "white elephant." The improvement of the tool is delimited by the development of the whole population of the labor-force to the degree needed to realize the potential represented by capital improvements in infrastructure and modes of production.

Under the prevalent Anglo-Dutch, "cheap labor" dogmas of monetary-financial systems, this needed coordination be-



Ukrainian-Russian scientist V.I. Vernadsky's conception of the Noösphere provides the best way to understand the basics of physical economics.

tween capital formation and population's development breaks down. Only by ridding the world of that Anglo-Dutch Liberal system now operating, could the world be rescued from the presently onrushing general economic collapse of the existing monetary-financial system. However, simply eliminating a failed economic system does not cure the mess that system has now created. The appropriate alternatives must be defined. To clarify that point, let us now consider some crucially relevant science basics.

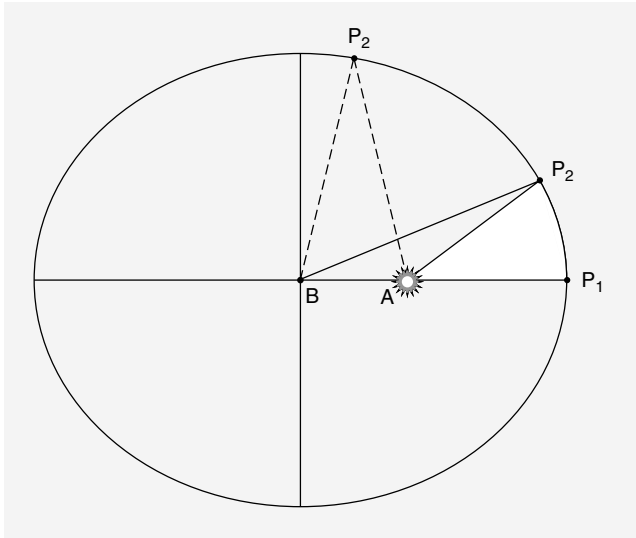
Economy As Noösphere

Today, the best way to understand these connections is by reference to the implications of Russian scientist Vladimir I. Vernadsky's portrayal of what he named the Noösphere.⁴

The potential population-density of the human species is always bounded by a combination of three inter-connected sets of conditions. The first of these sets of conditions, is represented by a vision of the Earth as if prior to any quantitatively significant presence of forms of living processes. The second experimental domain, which Vernadsky identified as

4. Cf. Lyndon H. LaRouche, Jr., *The Economics of the Noösphere* (Washington, D.C.: EIR News Service, Inc., 2001).

FIGURE 1a



Kepler's elliptical orbit hypothesis. Here, length P_2B is not constant, but constantly changing at a changing rate. What lawful process now underlies the generation of swept-out areas?

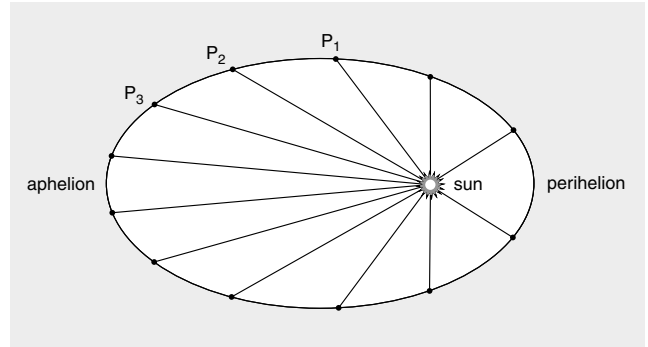
the *Biosphere*, is represented by the necessary effects of those processes, such as the generation of fossils such as the atmosphere, oceans, and soils, which are indispensable and otherwise beneficial to the emergence of a growing human population, which come into existence, as processes, only through the action of living processes. The third, and highest, are those necessary effects, defined as the *Noösphere*, which are beneficial to mankind's increase of potential relative population-density, which come into existence solely through the socialized creative-mental activity unique to the human individual member of our species.

In today's world, as informed by this work of Vernadsky, civilized nations will think of the need to manage the balance of development among the abiotic, Biosphere, and Noösphere, to the increasing relative advantage of the Biosphere over the abiotic, and of the Noösphere over the Biosphere. We must now think of the abiotic, Biosphere, and Noösphere as physical capital, which we must build up, in the order of those relative priorities, to create the expanded preconditions for not only growing populations, but a higher standard of living, of higher productivity per capita and per square kilometer, of general development, and longevity of those populations.

These forms of capital as identified by Vernadsky, are three distinct qualities of interacting (e.g., multiply-connected) sets of universal physical principles of a Riemannian universe, a universe which we must qualify ourselves, increasingly, to manage, as we were God's gardener.

The means by which we may be enabled to accomplish that mission, is through a better understanding and develop-

FIGURE 1b



Kepler's constraint for motion on an elliptical orbit. The ratios of elapsed times are proportional to the ratios of swept-out areas. In equal time intervals, therefore, the areas of the curvilinear sectors swept out by the planet, will be equal—even though the curvilinear distances traversed on the orbit are constantly changing. In the region about perihelion, nearest the sun, the planet moves fastest, covering the greatest orbital distance; whereas, at aphelion, farthest from the sun, it moves most slowly, covering the least distance. This constraint is known as Kepler's "area law," later referred to as his "Second Law."

ment of what the Classical scientific tradition of European civilization has defined as *powers*.

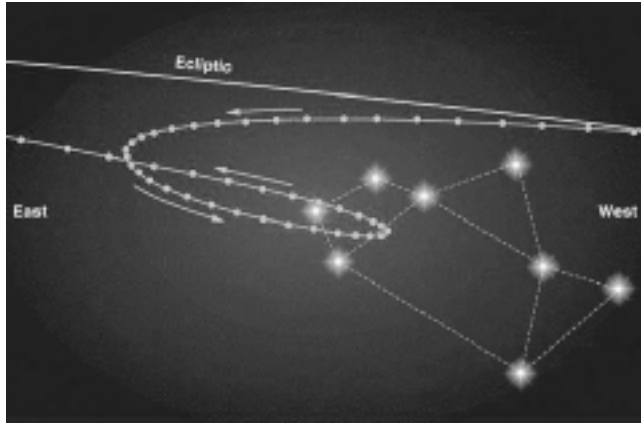
Like Kepler's discovery of universal gravitation, each of these principles, of any among the three types, corresponds to an efficiently existing, but sense-invisible object of the quality of a universal physical principle. These principles are located in a physically defined complex domain,⁵ in which the object, a sense-invisible principle in question, expresses itself as operating efficiently on the ordering of events in the sense-visible portion of the physical complex domain.⁶

Vernadsky's conception of the Noösphere so definable, is congruent with the earliest emergence of what became the achievements of European culture's physical scientific development. This is typified by the work, in establishing a pre-Aristotelean category of scientific rigor and progress associated with the legacy of such figures as Thales, the Pythagoreans, and Plato. This method is in opposition to those so-called reductionist practices associated typically with the likes of the Eleatics, Sophists, and modern empiricists and positivists. The modern viewpoint which corresponds to Vernadsky's discoveries, is that which Vernadsky rightly associated with

5. As distinct from a merely mathematically formal domain.

6. This is the physical (complex) domain as defined by the Leibniz-Bernoulli principle of universal physical least action (i.e., infinitesimal calculus), and as elaborated, most notably, by Gauss and Riemann successively. E.g., *Riemanns Werke* (New York: Dover Publications reprint edition, 1953), pp. 273-287, 88-142.

FIGURE 2



The puzzle of the “retrograde,” or looping, orbit of Mars puzzled astronomers for centuries, and was finally solved by Johannes Kepler.

the leading work of Bernhard Riemann.⁷

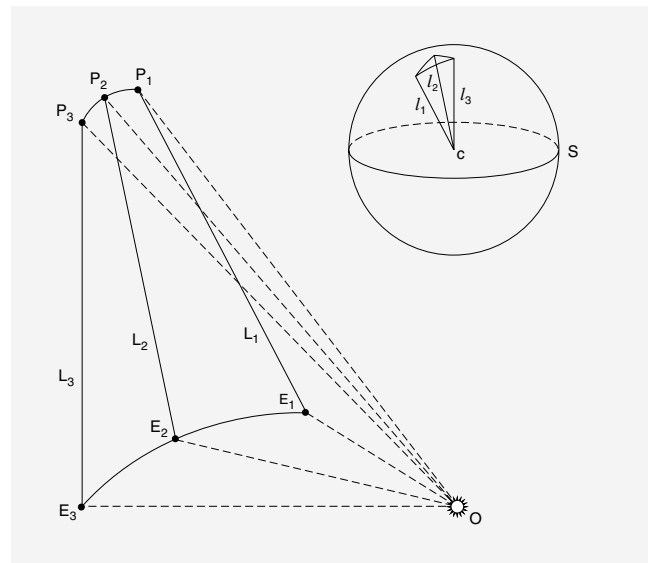
Among the ancient Pythagoreans, Plato, and so on, and with the modern science of such as Nicholas of Cusa, Johannes Kepler, Fermat, Pascal, Christiaan Huygens, Leibniz, Gauss, Riemann, et al., the characteristic feature of physical science is its founding on a notion which modern English translation of the relevant ancient Greek term designates as *powers*.

This notion of powers is typified by Kepler’s uniquely original discovery of a principle of universal gravitation: not as a percussive, or “pulling” action impelling an object in Cartesian space, but as a continuing action of change through every minutest, infinitesimal interval conceivable (**Figures 1a-b**). Gauss’s proof of Kepler’s principle, in Gauss’s own discovery of the orbit of the asteroid Ceres, is typical. The apparent “back-looping” of Mars in its own orbit, is an illustration of the infinitesimally, physical-geometrically “non-linear” continuing action which generates such stunning anomalies in the apparent transit of Mars as viewed from Earth (**Figure 2**). A comparable anomaly in the comparison of the orbit of Ceres to that of Earth, expresses the same Gauss-Riemann derivation from the pioneering discoveries of Kepler (**Figure 3**).

These kinds of conceptions of *powers*, to which the notion of efficiently universal physical principles is properly restricted, are the most crucially determining feature of real-life physical-economic processes. They are typified by a modern mathematical physical-geometrical view of Archytas’ solution for a continuous process of exact doubling of a cube by geometrical construction, as expressed in modern mathemat-

7. LaRouche, op. cit.

FIGURE 3



Gauss’ spherical mapping of the problem of finding the orbit of the new object (the asteroid Ceres) from several closely-spaced observations of the object (P), and positions of the Earth at those times (E) on its orbit around the Sun (O). Gauss transferred the directions of the lines L to an imaginary sphere S , and transferred all other directions in the problem to the reference sphere. For an animation of this problem, see www.larouchepac.com.

ics by Gauss’s 1799 correction of the misconception of “the imaginary” by D’Alembert, Euler, Lagrange, et al. Their occurrence corresponds mathematically to *systemic discontinuities* in the formal-mathematical domain; their existence and role may be expressed pedagogically in the form of corresponding animations whose characteristic feature, like the apparent back-looping event in the Earth-observed Mars orbit, expresses the action of a sense-invisible power which is the complex-domain identity of a universal physical principle. Experimentally validatable apparent mathematical anomalies of this type, are the crucial principles governing real-life physical-economic processes.

The referenced two cases from astrophysics, Kepler’s discovery and development of the principle of universal gravitation, and the generalization of such a physical geometry by Gauss, beginning his discovery of the Keplerian orbit of Ceres,⁸ as this, and as Gauss’ later work on the general principles of curvature, are to be read (inclusively) from the standpoint of the referenced Riemann works.

Animations of this class, are the central technical feature of the currently developing program of analysis and forecasting, by LaRouche PAC, of pedagogical exposition on the

8. *Theoria Motus Corporum Coelestium*, *Gauss Werke*, Vol. VII (1906) (Hildesheim: Georg Olms Verlag, 1981).

current crisis of the U.S. economy. Although insight into the ostensibly more sophisticated references just given, is essential for the relevant scientific professionals, for the layman and the policy-shaper, the animated representation of singular qualities of long-wave statistical patterns among physical factors of medium- to long-term capital cycles, is sufficient for conveying the notions involved in specific cases. For the layman, the effect of such animations of critical relations among physical-capital cycles, is the quality of ready comprehension of a principle of action otherwise conveyed by means of judiciously employed lapsed-time photography.

By powers, we mean an experimentally discoverable universal physical principle, a principle of a class, such as universal gravitation, whose efficient ontological existence appears to lie, as to the reductionist variety of mathematical formalists, like cubic roots, within the “imaginary” factors of the complex domain.⁹ The ostensibly anomalously enhanced effect of the early Twentieth-Century introduction of individual electric motors to power individual factory machines, is an example of an apparent anomaly which the physical economist seeks out in the behavior of economies considered as physical processes.

Let us illustrate this here and now, by reference to what might appear, deceptively, to be a simple case.

The Education of Freed Slaves

Prior to the close of the U.S. Civil War, the leading edge of the U.S. abolitionists’ approach to education of slaves of African descent, was typified best by such cases as Frederick Douglass: the freeing of the mind by advanced education, was considered, as by Douglass himself, as the necessary condition for the freeing of the slave from the behavioral habits expressed as the mental and spiritual shackles of induced conditioning to conditions of slavery. At the close of the war, after abolition of slavery, many among the former liberal opponents of slavery revised their views on education of the masses of now freed slaves. The liberals’ policy became, in effect: “Let us not excite the expectations of this mass of freed slaves, by educating them above their prospective station in life.” Thus, “leave none behind,” but move few forward.

This example has broad implications for the frequent failures of what have been proposed as economic-development programs around the post-1945 world at large. It illustrates the root of a systemic fallacy in the argument of John Perkins on economic development in nations which had been targeted by the economic hitmen.

This seeming anomaly has a long history. The introduction of African slavery into the Americas, first by the Iberian peninsula’s racists in the footsteps of Grand Inquisitor Tomás

de Torquemada, as copied by the Iberian peninsula’s later creditors, the Dutch and British, was a qualitatively new phenomenon of modern history, but the roots of this modern practice are traced deep into all known and inferrable history of our species planet-wide.

The brutish dogmas of slavery and Mexican (for example) peonage developed under the influence of the faction of the Grand Inquisitor, were unique inventions of modern history, but the earlier roots of those notions and practices are deep. Indeed, in all known or reasonably inferrable cases, the history of mankind has been the role of the reigning minority in holding the majority in the bestial condition of herded or hunted human cattle. That tradition formed the heart of the doctrine of those, such as the Anglo-Dutch Liberal followers of John Locke, and the pro-bestial Physiocrats in the Physiocratic tradition of Quesnay and Turgot; but, the principle of slavery or the like, is traced to such ancient locations in European civilization as the cult of the Olympian Zeus, as the relevant issue was central to Aeschylus’ *Prometheus* trilogy.

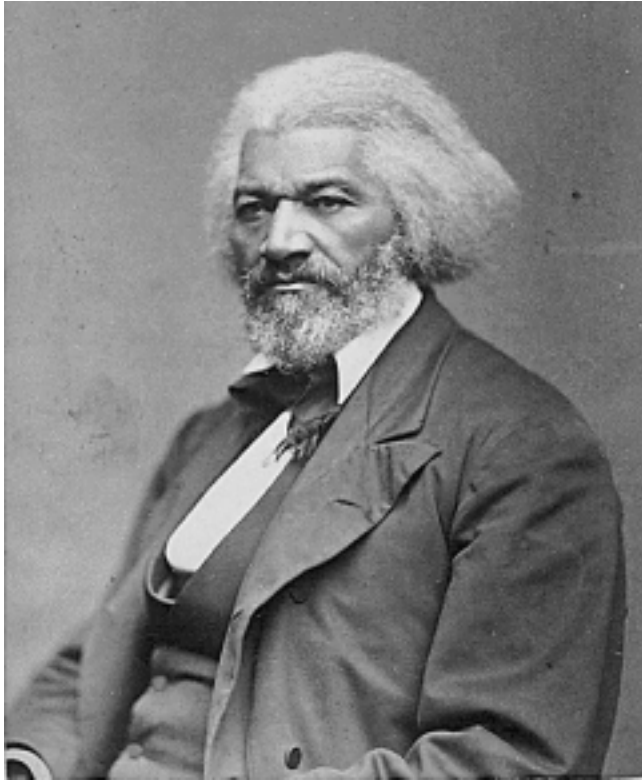
The Olympian argument of the evil Zeus against Prometheus, was that mankind must be prevented from gaining acquisition to knowledge of universal physical principles, and must be kept thus in a state where even the idea of being other than herded or hunted human cattle, must be banned from their knowledge.¹⁰ A similar effect, was introduced into modern times as the empiricist dogma of Paolo Sarpi, his household lackey Galileo, Francis Bacon, Thomas Hobbes, John Locke, François Quesnay, Bernard Mandeville, David Hume, Adam Smith, Jeremy Bentham, and the Eighteenth-Century Enlightenment generally.

With the Fifteenth-Century Renaissance’s introduction of the modern sovereign form of nation-state republic, as in Louis XI’s France and Henry VII’s England, Europe’s efforts to elevate the population as a whole toward actually thinking people, rather than herded human cattle, generated a powerful expansion of potential relative population-density, an expansion dependent upon the new flourishing of scientific, technological progress, and great eruptions in Classical artistic composition and performance. Amid the Venetian-orchestrated conflict among nations of the Sixteenth through Eighteenth Centuries, the strategic dependence on the economic and related advantages of scientific and technological progress could not be simply outlawed, except by stupid nations.

However, while allowing the progress in techniques which Aeschylus’ Zeus forbade, the modern Venetian financier oligarchy and its Anglo-Dutch Liberal successors sought to maintain technology, while suppressing the spread of the methods of knowledge of the creative-scientific method

9. C.F. Gauss, First Edition of “The Fundamental Theorem of Geometry,” 1799, *Gauss Werke*, Vol. III, pp. 1-31.

10. As in the following reference to the time of England’s pathetic Richard II: “When Adam delved and Eve span, who then was nobleman?”



Frederick Douglass considered the freeing of the mind of the former slave, by advanced education, to be the necessary condition for freeing him from the mental and spiritual shackles of slavery.

which had been passed down from the Pythagoreans et al. through modern leaders such as Nicholas of Cusa, Leonardo da Vinci, and Kepler. For the Venetians led by Paolo Sarpi, the use of the neo-Aristoteleanism of Henry VIII's Venetian marriage-counsellor Francesco Zorzi was not radical enough. Sarpi introduced the empiricism which has been the core of the mind-crushing Anglo-Dutch Liberal method of Adam Smith and Jeremy Bentham, to the present day.

It is that empiricism, and its positivist and existentialist outgrowths, which has been the root of the cultural suicide of European culture during, especially, the recent four decades.

The ultimately fatal systemic flaw in that Olympian view, as in today's collapsing world Liberal monetary-financial system, is that the elevation of the human species above that level of several millions living individuals suitable for higher apes, depends upon the efficient role of a quality of the human mind which does not exist in any lower species. This quality is typified by the discovery and use of what modern culture recognizes by the name of experimentally validated universal physical principles, principles by means of whose exercise the human species today is numbered in excess of six billions living individuals.

In the language of the science of physical economy, this

factor is measured in terms of *potential relative population-density of living populations, per capita, and per square kilometer*. The driver of such progress is physical scientific progress and a matching role of Classical modes of artistic composition and performance. It is the transformation of the abiotic and biotic conditions of the planet, by man's application of the discovery and perfected use of experimentally defined discoveries of universal physical principles, which has enabled our species to rise above the condition of the higher apes, to the Noösphere as it exists even today.

In physical economy, the fixing of the technology of practice to some existing level, defines the physical trend in the economy as entropic. Empires and the like forms of exploitation of foreigners, compensate, if only temporarily, for the decadence of the mother country by parasitism against the foreigner's physical wealth and human bodies. As the factor of entropy in the combined system of native and foreign operations closes in on the combined elements of that imperial or quasi-imperial system, as upon the U.S.A. and increasingly "outsourced" Europe today, the logic of the decline and fall of the Roman Empire in the West, and then in the East, is expressed as the doom of the system, as the U.S. is threatened by destruction by its own hand today.

Without scientific and technological, and related cultural progress in increase of the potential relative population-density of society, per capita, and per square kilometer, the nation, the culture, which engages in such a virtual zero-technological-growth practice is doomed by its own hand.

Outsourcing, by now-decadent nations which had been formerly the world's exporters of scientific and technological progress, to markets where labor is at its relatively cheapest, spells the impending doom of both sets of partners to that system, as today. The combined effect of that combination, spells global entropy for all involved. So, the recent forty years of drift of Europe and the Americas into the quicksands of a predatory form of "post-industrial" utopianism, has brought us to the point of immediately threatened, entropic collapse of global civilization as a whole.

Today, especially since 1982, the U.S.A. economy has survived, in large part, by sucking the juices from the bodies of Central and South America, as from others. In this process, as in the notable examples of Mexico and Argentina, the profits enjoyed by the Liberal predators have destroyed the net levels of technology and productive powers of labor of the populations of those victim-nations. The general effect of "globalized" outsourcing is the same generally.

This process of self-inflicted doom of the U.S.A., among others, has been associated with approximately four decades of down-shift of the economy and culture of the people of the U.S.A., from the world's leading producer society and leader in applied scientific and technological progress, into a parasitical wreckage of moral and physical-economic decadence today. Under Bush-Cheney we have become, during

the past four years, a clearly self-doomed nation of cannibals, creating an intended, fascistic Anglo-Dutch Liberal empire, to consume and destroy all nations, including our own.

The clinical marker of this process is the frenetic emphasis on ever-cheaper labor. Kill grandmother to cut health care and pension costs. Drive U.S. labor down into conditions of life which “compete” with virtual slave labor in countries whose exports are the cheapest. The present Bush-Cheney government of the U.S.A. is, in particular, collectively clinically insane, and is now lurching for its great, climactic

Monetary theory, including Keynes and the rest, should be banned from university campuses, accounting practice, and government for a period of quarantine of approximately one to two generations, until the current form of world-wide mass-insanity is brought down to substantially less than its current pandemic status.

swan dive, at the brink of a horrid collapse into the pit of Hell it has marked out for both itself and the poor self-doomed fools who voted for its continuation.

What John Perkins saw abroad in his experience as an economic hitman, and otherwise, was his own participation in this degenerative process of self-destruction of both the targetted foreign empire his masters aimed to loot into a dark-age condition, and of his own U.S.A. itself. The active factor of this process of our nation’s self-destruction has been the radical form of empiricist dogma which has worked to uproot all traces of the actual creative processes of scientific and Classical cultural faculties on which man’s increasing mastery of our place in the universe depends. We have, thus, become, the willing victims of that satanic tyrant Aeschylus’ Olympian Zeus. Call this descent into the Hell of Aldous Huxley’s *Brave New World* “environmentalism.”

2. Physical & Financial Capital Cycles

The hierarchy of real (physical) productivity, is, first, the development of the creative powers of the individual, as this is typified by the accumulation of masterful knowledge of what we translate from the ancient Greek of Pythagorean Sphaerics as *powers*. By powers we mean objects of the mind,

not themselves directly visible to the senses, but which we have discovered and proven, by aid of relevant experimental methods to have been accessible powers in the universe, but powers we can not identify directly as objects of sense-perception.

These powers include the direct relationship of the knowing individual mind to the physical universe in which we live and act. They also include what are best identified as Classical principles of artistic composition, powers of communication among persons, by means of which knowing persons are brought into effective cooperation to form, develop, and lead societies on missions which foster the advancement of the human condition.

To the same end, we must reshape the environment in which we live, as we must shape the environment of production in ways which augment the power represented by the action of the individual who knows powers.

To this end we must raise the level of development of the Biosphere, to improve the planet’s ability to sustain life, especially human life, for the present and future advantage of society. We must promote a rich variety of strains of living species, to lessen our vulnerability to the failure of some species, or variety which may be directly or indirectly essential for promotion of human life. To similar effect, we must manage the abiotic processes of Earth and the nearby portions of the Solar System for our immediate and long-term security.

All of these and comparable investments, including the estimable twenty-five-year investment in transforming a new-born infant into a qualified professional, represent physical capital. There is the physical-capital investment in the development of the human individual. There is the physical-capital investment required to enable and increase the effective power of informed individual action for the common good. There is physical capital invested and maintained over the long term, to defend and improve the conditions of human life and work on this planet and beyond.

In modern economy, we depend on an increasing ratio, per capita and per square kilometer, of physical-capital investments of typical “lifetime cycles” of a quarter to a half century or longer. The general trend must be an increase in the ratio of physical capital formation per capita and per square kilometer.

Since the included essential function of national economy, in particular, is to utilize the “free will” exercise of development and application of powers by the individual person, as a principal source of those improvements in net physical productivity (per capita and per square kilometer); and since a modern economy combines investment of about half its total capital in public investments, predominantly in basic economic infrastructure, by government, but promotes individual creative initiative of the types associated with science and Classical artistic principles, we require a carefully managed, government-managed money system. The

result is a functional interconnection between physical and monetary-financial capitals.

Contrary to the usurer's dogma typified by the Anglo-Dutch Liberal financier oligarchical system, money is, at all times, an idiot. It has no conscience, no sense of which direction it should go, and so on. Therefore, society must create rules, and provide methods of regulation which ensure that the flow of money neither overflows the banks of sanity, nor kills worthy enterprise through thirst.

To such ends, rational governments establish systems of regulation, chiefly under law, for domestic and foreign trade promoted according to a general set of notions of "fair trade," as these notions are adopted, and modified, from time to time. Laws against the practice of usury, the right to fair-trade protection for worthy enterprises, and so on, in addition to trade and tariff agreements among nations, are typical.

However, apart from general considerations of that sort, the fact of history is, that the present-day evil known as the Anglo-Dutch Liberal system of rampant financial usury is nothing other than a current expression of the greatest of the evils which have proliferated in and among civilizations during all recorded history, including, notably, the recurring catastrophes which usury promoted among the systems first founded in southern Mesopotamia by a Dravidian-language group's Sumerian-Akkadian civilization.

The related problem today, is that the processes of business practices and government are presently so much polluted by induced belief in lunatic forms of monetarist-financial dogmas, that scarcely a sane man can be found in the departments of economics and related teachings of business management and management of governments in the world today. The resulting state of popular and official mind creates the spectacle of a pandemic of mass insanity spread through the corridors of administrative and related power.

It is exactly that form of mass-insanity, spread among European powers, the U.S.A., and less powerful nations alike, which made possible the legalization of the type of moral criminality which John Perkins reports from his former practice. Monetary theory, including Keynes and the rest, should be banned from university campuses, accounting practice, and government for a period of quarantine of approximately one to two generations, until the current form of world-wide mass-insanity is brought down to substantially less than its current pandemic status.

We must use the respite provided by such quarantine measures to educate our governments and general population in the arts of sanity, which is to say, the principles of physical economy, and of the regulation and use of money in a society become aware of the place of human intellectual capital in the maintenance and prosperous improvement of the conditions of production and life of a sane form of society.

The LaRouche PAC's program of mass and other education in the use of animations to educate populations and their governments in the rudiments of a sane practice of

physical economy, is intended to aid that mission of organizing a general recovery from the present, world-wide physical-economic collapse of the existing monetary-financial system.

3. What is U.S. Interest, Actually?

Damnable fools today would describe the alleged "interests" of the U.S.A. in terms of a Hobbesian world-order of each against all. How shall we fool our allies, and destroy those which have chosen to select to serve as targetted adversaries? What damned fools those people are—literally damned fools! Your problem is that these damned fools are not only determined to go to Hell; they are damned set on taking you with them.

What, then, is the interest of the U.S.A.? What are the principles which provide a safe exit from the nightmare which John Perkins has attempted to describe? For reasons to be made clear enough in these concluding remarks, I must speak autobiographically.

From all evidence currently in view, I am the only person presently qualified, intellectually and emotionally, to serve as commander-in-chief of our U.S.A. under the present conditions of global general breakdown-crisis of the world's present, floating-exchange-rate monetary-financial system. Lacking access to that formal constitutional position, my obligation is to provide that essential ingredient of my talent along alternate pathways presently probably available.

The conspicuous short-fall of otherwise talented leaders among us, is that we have become a nation which, for all its current rant about religion, has no actual conception of a real form of immortality. In this mass-entertainment-soaked, "Where's my money" citizenry of today, there are few Jeanne d'Arcs, Abraham Lincolns, or Rev. Martin Luther Kings among us, who are prepared to put all that which is mortal in them, as a talent on the altar of service to the foreseeable good of the future of mankind. As for religion, they are too busy trying to bargain with God, to tolerate discussion of the kinds of issues which Jesus Christ, for example, treated during his mission. Some typical cowards slyly snicker: "If Jesus were so smart, why did he die?" For the most part, "hypocrites" is too kind an epithet to describe their devotions. These spiritually bankrupt, money-mad evangelicals, or their complement, the kill-crazy fanatics, and their like, had been given a talent, but they hoard it, and, if they are successful in that passion, their talent will be buried, mercifully, to rust and rot with their shameful ashes.

"What is my advantage?" "You have to learn to go along to get along!" Those are not the voices of leaders for a time of crisis; theirs are not the talent of commanders in chief.

For me, this republic of ours has a sacred mission. The fulfilment of that mission is our overriding self-interest as a people, it is the passion of a sacred national dedication which

might make the humblest among us a virtual giant in the coming history of the world.

Since the beginnings of what became European civilization, in a Greece living in the shadow of the great pyramids of Egypt, we have been engaged in a great long struggle, to bring forth on this planet a republic of the virtue seen by the eyes of Solon of Athens as by Plato after him. It has been a mission conceived in the certainty that the individual human being, anywhere and everywhere, is set absolutely apart from and above the beasts, as made in the likeness of the Creator of this universe, and dedicated to service on behalf of the continuing unfolding of that endlessly continuing Creation.

Any attempted rescue of civilization from the presently onrushing catastrophe will tend to lead, assuredly, to the worst possible outcome, unless the power of the financier oligarchical interest is broken to harness by those principles of a sovereign true republic expressed in the crafting of the original U.S. Declaration of Independence and Federal Constitution with the latter's crucial Preamble.

Nearly six hundred years ago, European culture leapt upward in a great Renaissance, which brought forth, in Louis XI's France, and in Henry VII's England, the first true sovereign republic dedicated to that principle of the general welfare known to the ancient Greeks as the *agapē* of Plato's *Republic* and the Apostle Paul's celebrated *I Corinthians* 13.

However, from the beginning of the Sixteenth Century until the 1648 Treaty of Westphalia, the wicked forces of the Venice-led financier oligarchy unleashed religious warfare in the effort to eradicate the great work of the Fifteenth-Century Renaissance. After that Treaty of Westphalia, the struggle for a modern republic grounded in the benefits of scientific and technological progress radiated from Jean-Baptiste Colbert's France, but the follies of France' Louis XIV and the 1763 emergence of the empire of the British East India Company from the outcome of the Seven Years War, put the hope of civilized life in jeopardy.

In that setting, the greatest spirits of Europe were rallied to the cause of establishing model true republics in the Americas. Out of this, the U.S.A. of 1776-1789 emerged as the

model constitutional republic whose design remains, today, the crucial world factor on which the hope of a peaceful world order among nation-states depends.

Our thus historically embedded mission is to bring forth on this planet a logical successor to the intention already expressed by the 1648 Treaty of Westphalia, to establish a community of respectively perfectly sovereign nation-state republics as the natural planetary order now demanded by the perilous implications of tolerating a continuation of anything resembling a Hobbesian model of conflict-management among powers.

The most important strategic asset of our republic, is our constitutional tradition born of the developments of 1776-1789, as the resurgence of that tradition is typified by Presidents Abraham Lincoln and Franklin Roosevelt. We have an embedded moral authority which is lacking in those states of Europe which are yet to free themselves from the legacy of parliamentary systems under the overreach of Venetian-style financier-oligarchy-controlled, so-called independent central banking systems.

The crucial consideration here is that the great enemy of civilization today, is the influence of the Anglo-Dutch Liberal variant of that Venetian oligarchical tradition whose intrinsic capacity for evil is typified by the Fourteenth-Century New Dark Age, and the religious wars and related conflict of the interval from approximately 1511-1648, in addition to the spawning of fascism on continental western and central Europe by the hegemonic financier oligarchical networks of the 1922-1945 interval. Any attempted rescue of civilization from the presently onrushing catastrophe will tend to lead, assuredly, to the worst possible outcome, unless the power of that financier oligarchical interest is broken to harness by those principles of a sovereign true republic expressed in the crafting of the original U.S. Declaration of Independence and Federal Constitution with the latter's crucial Preamble.

The clear precedent for this urgently needed reform today is the lesson of the leadership of the U.S.A. under President Franklin Roosevelt, in establishing, at the Bretton Woods conference of 1944, the model form of regulated world monetary-financial system which was the source of the strength expressed in the post-war reconstruction of 1945-1963.

To bring a voluntary association of respectively sovereign republics into being, an association which extends the principle expressed by the great 1648 Treaty of Westphalia, should be taken as the appropriate strategic mission and most vital, long-term self-interest of our republic: a system of republics dedicated to the mission of contributing useful advantages to the other nations. Especially in a time, when evil men speak of global religious warfare as their conception of strategic self-interest, nothing but the principle expressed, as precedent, by the Treaty of Westphalia offers a pathway leading away from the presently imminent threat of a general plunge of this entire planet into Hell.

'Hit Men' vs. LaRouche's Fusion Energy Foundation

by Paul Gallagher

A critical case in recent U.S. history, of a vicious attack by what insider-author Perkins calls "economic hit men" against the potential economic and scientific progress of nations, was the 1978-86 war of Wall Street investment banks and their agents against the Fusion Energy Foundation (FEF) of Lyndon LaRouche.

Founded by LaRouche with nuclear scientists and engineers in 1974, by the end of the 1970s the FEF was a broadly influential movement for scientific and technological optimism, at the same time stimulating provocative lines of thermonuclear fusion research through its magazine and journal. Inspiring 100,000 subscribers and members by 1980, FEF was at the center of organizing fusion energy research as both a scientific frontier, and a U.S. national technological objective with the McCormack Fusion Energy Act of 1980. It was leading those American scientists, engineers, entrepreneurs, and teachers determined to revive and spread nuclear fission power technologies despite the organized media-driven fear campaign which followed the March 1979 Three Mile Island accident. And it developed a similar influence in Germany, France, Sweden, Italy, and a number of developing nations.

LaRouche's policy of nuclear power for development and peace in the Third World was the hallmark of the FEF. And the LaRouche objective of a Third World debt moratorium and an International Development Bank to finance such great projects, had been adopted by the Non-Aligned Movement nations at their 1976 Columbo Conference and presented to the UN on their behalf by LaRouche's friend, Guyana's Foreign Minister Dr. Fred Wills.

The scope of the FEF's leading influence from laboratories to legislatures, on university campuses and in the American business community, and among elected officials, can be glimpsed from the major policy conferences it held in each of those years (see box)—along with hundreds of smaller sessions—on nuclear science, technological development, and, from 1977 on, for LaRouche's idea of anti-missile defense based on "new physical principles" which became President Ronald Reagan's Strategic Defense Initiative (SDI).

When the self-described Nuclear Club of Wall Street was formed in meetings of bankers and financiers at the beginning of 1978, its major objective was to destroy the potential for

nuclear power-based economic development around the world, which was then being promoted by statesmen in Europe, Japan, and the developing sector. To accomplish this, however, the Wall St. financiers knew they had to destroy LaRouche's FEF; replace it with tame "pro-fission power" and "pro-fusion power" front-groups which in fact would advocate a moratorium on both; and organize control of nuclear-related companies' credit-lines and finances, to choke off investment in nuclear technologies. The "Club's" policy was to stop nuclear power development, deny it to developing countries, and force a shift back to coal and petrochemical fuels at escalating prices. This was the policy of Lazard Frères banker Felix Rohatyn—then the dictator of New York City's finances and controller of Ted Kennedy's embryonic Presidential campaign—of Bechtel Corp. powers George Shultz and Caspar Weinberger; of Henry Kissinger's just-formed Kissinger Associates consulting firm; of Jimmy Carter's first Energy Secretary James R. Schlesinger; and of much less well-known but very influential investment bank operatives. It could not be done without a Wall Street campaign to destroy LaRouche's powerful FEF.

Members of the Club of 'Hit Men'

The Nuclear Club of Wall Street was launched when a group of New York investment bankers met in the boardroom of the Dreyfus Corporation, under the direction of, among others, Arthur Ross, Sr., a British Intelligence-connected banker whose son was, at the time, a collaborator of LaRouche's movement. The purpose of the meeting, according to participants and published materials, was to create an ostensibly pro-nuclear covert intelligence operation to gain dominant financial control over the borrowing of the American and other nuclear industries, and prevent nuclear expansion especially to the developing sector. Several "Club" members had direct connections to the Mossad and other Israeli interests, and, as *EIR* discovered through investigation, the Club was also involved in conduiting U.S. nuclear secrets to Israel. A full exposé of this was published in LaRouche's *Fusion* magazine in September 1979, after the "Club's" assault against FEF came out into the open.

Ross was perhaps the most senior member, who had served in various covert "financial" British intelligence subversive operations, including a direct connection to Maj. Louis Mortimer Bloomfield's Permindex; he provided access to London and European-based *fondi*.

Also present at the meeting was John Wesley Hanes, Jr., of the textile fortune that bears his name, whose father was a leading operative of the House of Morgan, and an ally of Averell Harriman's banking interests in the British establishment's British American Tobacco Company, whence the family fortune. Hanes, Jr. was deployed into John Foster Dulles' State Department, as liaison with the notorious 5412 Committee, the so-called Special Group that controlled covert operations as a joint White House-Defense-State taskforce.

Eventually, Hanes gained control over all consular appointments and all embassy posting of CIA operatives. At the time of the initial meetings of the “Club,” Hanes was the General Partner of Wertheim and Co., an exclusive investment bank then owned by London’s Schroeder Bank, and played a key role in the Olin Foundation.

Among the others attending were Henry Simon Bloch, of another of the *fondi* insider banks, Warburg Pincus. The operating chief of the Club was reported to be Marvin Rose, another financier with Israeli connections, who was a director of the Lazard-controlled Allied Chemical; the Club’s president was Jeffrey Friedman of Dreyfus; Harold Sherman, reported to be very close to the British Intelligence station chief in New York, was another Club director present, as was Merrill Lynch investment banker Disque Deane; representatives of the Stone & Webster engineering firm and the Brown & Root construction outfit, until then major builders of nuclear plants, were brought in at a later date.

To Stop LaRouche

Nuclear Club of Wall Street meetings were devoted to the topic of sabotaging LaRouche’s growing influence among scientists, engineers, and policymakers, and his promotion of nuclear fission and fusion power, especially on a global scale. A major 1978 FEF conference in Pittsburgh was sabotaged in collaboration with Schlesinger’s Department of Energy, and

the FBI, forcing speakers to withdraw. In conjunction with the Anti-Defamation League, the “Club” coordinated a series of slander campaigns against the FEF and LaRouche, stating that both were anti-Semitic, or more broadly, that the FEF’s campaigns for global nuclear technology development were “too radical,” or “Soviet-linked.”

In July 1978, the Club launched an explicit “countergang” to the FEF and *Fusion* magazine (which was to gain the second-largest circulation of any science publication in the United States). This countergang was the Society for the Advancement of Fusion Energy (SAFE), which coordinated a media and newsletter slander campaign against the FEF, and (in the post-Three Mile Island hysteria) “for” fusion and against fission power. SAFE was headed by Hanes’ friend Alfred Slaner, a Keyser Roth textile firm executive, and Luella LaMer Slaner, who testified in a full-length mink coat to Congressional hearings for “fusion only.”

At the same time, slanders against FEF were circulated through the Atomic Industrial Forum (AIF), an industry group of which the Club gained political control. AIF chairman Roger J. Sherman of EBASCO Services Corp. praised the nuclear-wrecking Energy Secretary James Schlesinger as “very pro-nuclear, brilliant,” and campaigned against funds for “an unproven and new concept like fusion”—and against the FEF. Sherman exposed who was controlling him by calling for a nuclear moratorium after Three Mile Island—a moratorium which has now lasted for a quarter-century.

Both SAFE and AIF, and the “Club” through its own banking and business channels, intensively slandered LaRouche and FEF through, in particular, the American entrepreneurial business community, seeking to cut off the active and financial support which engineers, executives, scientists, and teachers gave to FEF. Every effort was made to intimidate speakers at FEF’s conferences, while the leaders of SAFE and AIF refused demands for a public debate with FEF Executive Director Dr. Morris Levitt.

The campaign of slanders run under the cover of the AIF was carried out by two public relations firms, Hill and Knowlton, and its corporate parent, Ogylvie Mather, headed by the British oligarch David Ogylvie. Ogylvie is a member of the extended British Royal Family, and an active member of the semi-secret Club of the Isles which created and runs the World Wildlife Fund.

For the Nuclear Club, John W. Hanes, Jr. and others were involved in directing the circulation of slanders to key FEF contacts, and in efforts to “recruit” FEF personnel. Among the misinformation it circulated, which gained widespread credence through media friendly to or controlled by the Club, was that fusion was safe while fission was dangerous and had to be stopped. SAFE board members Dr. Heinrich Hora and Dr. Aaron D. Krumbein, both with connections to the Soreq Nuclear Research Institute in Israel, attempted an academic wrecking operation against the FEF’s quarterly theoretical journal, the *International Journal of Fusion Energy*.

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As *Fusion* showed in its September 1979 exposé, the Nuclear Club of Wall Street also tried to organize an assassination attempt against Lyndon LaRouche himself, bringing into the country for the purpose a Mossad operative named Zwi Aldoubi.

‘Technological Apartheid’

LaRouche’s FEF came through the battle with the Nuclear Club of Wall Street, and was the scientific vehicle through which LaRouche’s idea of relativistic beam-weapons anti-missile defense, as the alternative to Mutual and Assured Destruction, became influential until its 1982-83 adoption as President Ronald Reagan’s SDI. After March 1983, FEF conferences explained SDI to international audiences of military and scientific professionals, and brought them into cooperation with it. Wall Street “hit men” John Train, Ross, and others organized media and financial networks—including Henry Kissinger—to demand prosecu-

tions of LaRouche and the FEF. They got them, under the direction of U.S. Assistant Attorney General William Weld, the scion of one of their group of investment banking families.

The policy of the Wall Street “hit men” was carried out. The “back-to-coal” energy policy of Felix Rohatyn and James Schlesinger completely supplanted nuclear power from 1980-95, leaving the hills of America’s coal basins torn and bare, and the U.S. railroad grid groaning and breaking down under the vast loads of coal. Later, hyperexpensive natural gas took over. More important, the United States ceased entirely to be the “Atoms for Peace” nuclear-technology exporter it had been, and adopted the policy of “technological apartheid” against the developing nations, leaving them to become the Third World “emerging and submerging markets” of today’s global economic breakdown.

This article was researched by Lonnie Wolfe and Marsha Freeman.

FEF Led Nuclear Science, Development Battle

A partial listing of major Fusion Energy Foundation Conferences in the United States, 1977-85. Speakers included Congressional and other elected officials, business and trade union leaders, scientists from National Laboratories and universities, and leading military figures of several nations in the 1985 international conferences on the Strategic Defense Initiative.

1977

The Transition to Fusion Power	Boston
Energy and High Technology Production	Princeton
Energy and Technology Development	New York
Nonlinearity and Biological Sciences	New York
Solving the Energy Crisis	Chicago
Energy and Technological Development	Pittsburgh
Solving the Energy and Water Crisis	Los Angeles

1978

Middle East Peace & Economic Development	New York
Industrial Dev. of Southern Africa	Washington
Energy and Jobs in Expanding Economy	Detroit
Rebuild New York, Expand International Trade	New York
A U.S. High-Technology Energy Policy	Pittsburgh

1979

Energy Crisis—Economics & Politics	Lansing
------------------------------------	---------

1980

High-Tech Policy for Reindustrialization	Los Angeles
Rebuilding America’s Industrial Power	Chicago
Rebuilding America’s Industrial Power	Boston
Rebuilding America’s Industrial Power	Pittsburgh
Energy and Water for Western States	Denver
Rebuilding America’s Industrial Power	Austin

1981

Honors Dinner, PPPL Director Dr. Mel Gottlieb	New York
Science Education for the 1980s	Baltimore
America’s Next Twenty Years in Space	Houston
Awards Dinner, Dr. Adolf Büsemann	New York

1982

A Beam-Weapon Anti-Missile Defense	Washington
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1983

Directed-Energy Weapons and Technologies	Washington
Fusion Energy: National Security Implications	Washington

1985

International Conference on the SDI	Berlin
The SDI and Optical BioPhysics	Paris
International Conference on the SDI	Tokyo
International Conference on the SDI	Rome
Memorial Conference, Space Pioneer Krafft Ehricke	Washington
Sept. 15 Dev. of Indian and Pacific Ocean Basins	Washington

Perkins' Exposé Shows Free Trade Enslavement

Lyndon H. LaRouche, Jr. addressed the Denmark LaRouche Youth Movement (LYM) weekend training seminar by telephone on Nov. 20, 2004. Besides Danes, the group included Swedes, Germans, Africans, and Russians. The transcript of his opening remarks follows.

Now, many of you have probably seen the Morning Briefing for the past two days, which featured something which I've taken up, which was called to my attention, and I've analyzed it. We've gone through it, and we've have feedback from us, on this subject in the Briefing. I think most of you there, have probably either seen it, or noticed it, or wondered what it was.

I'll explain. We have a fellow, John Perkins; he's from the Boston area, and by his self-description in a radio interview which I audited, he probably is the family of Perkins of the famous, or infamous Perkins Syndicate, which is a subject of history written in large part by Tony Chaitkin among us, and also by Graham Lowry, in particular; and some others.

Now, what this fellow did, he described himself in a book,

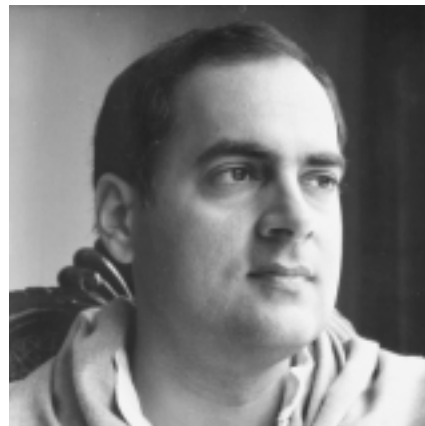
which is called *The Confessions of an Economic Hit Man*—just to review the case for those who don't know it: During the 1960s, according to his account, when he was a student at a business school, which probably was a graduate business school such as Harvard Business School, he was recruited by the National Security Agency, which is a spin-off of the U.S. Department of Defense, the U.S. military, which was the so-called signals section of U.S. military intelligence, and this was broadened to cover other areas. This was the agency that was supposed to spy on everybody, and their conversations from around the world.

Anyway, he was trained by the National Security Agency, according to his account, and then was farmed out, under the title of "chief economist" to a number of private organizations, one in particular from the Boston area, who did what he called the functions of "economic hit man." The term, according to his account, was generic; that, among people who did this sort of thing, the term "economic hit man" was used as a term of self-description, and also amusement among themselves. Because, that's what they did. But it was so absurd in the eyes of the average person that anybody would do it, that they would chuckle every time they described themselves as an "economic hit man"; nobody's going to believe it.

Anyway, so, he worked together, as he described it, with major companies, such as those headed by George Shultz, who you may recall was a key figure in the Nixon Administration; he's one of the fellows who shut down the Bretton Woods system of the United States under Nixon, in 1971; and



Said former economic hit man John Perkins: "When 9/11 struck, I had a change of heart. I knew the story had to be told, because I know what happened at 9/11 is a direct result of what the economic hit men are doing."



The economic hit men and their “jackals” were behind the assassination of world leaders who stepped out of line, including (left to right) Panamanian chief of state Gen. Omar Torrijos Herrera, Indian Prime Minister Indira Gandhi, Indian Prime Minister Rajiv Gandhi, and German bankers Alfred Herrhausen and Jürgen Ponto.

Shultz, as such, went on in the Azores Conference in 1972, to lead in destroying the post-war Bretton Woods financial-monetary system—which is what we’re fighting about today.

And, in the course of time, he did a number of things, as a member of this team, in manipulating governments, manipulating nations, and relations among nations, in a very ugly way. And when he, or his type, would fail to persuade a government, or a leader of a government to submit to the will of institutions such as the World Bank and the IMF, which he describes as the key thugs in running these operations against developing and other countries, that then, he would say, the “jackals” would come in. And these would be intelligence community-authorized hit men, killers, who would come in and kill heads of state, and others, for the pleasure of these financier organizations, which he describes as the private organizations, but government-linked, of economic hit men.

Perkins Makes His Activities Public

Now, he has just published a book on this, as I described it. The publication date is November 2004, this month. It is published by a house on the West Coast. And I got, through our people, who got it from someone else, a tape recording or a disk recording, of a radio interview he did with a radio interviewer, on a feature called “Firehouse,” in which he de-

scribes what he did.

Now, the key thing that he said, in this thing, which was crucial, for me, was—I quote from him, his statement. “But,” after describing why he covered up this stuff for years, he says, “But, when 9/11 struck, I had a change of heart. I knew the story had to be told, because I know what happened at 9/11 is a direct result of what the economic hit men are doing.” Talking about his profession; and talking about a profession which worked under the direction of people like George Shultz and Caspar Weinberger—Caspar Weinberger, one-time Secretary of Defense of the United States in the 1980s. And they worked as directors of companies, such as Bechtel Corp. in the United States, and, of course, the Halliburton company, which is Cheney’s company.

This is all clear to me. There’s no question about this. What he describes—I know many of the cases he describes; I know his description of many of the events and the *issues* as such, of the events, to be true. For example: the killing of Chief of State Omar Torrijos of Panama. I can not confirm that he was killed by a bomb inserted in a tape recorder on his plane. But I can verify all of the issues, personally, which were involved in his being killed. And what the policy changes were, as a result of his being killed. Because, at a later point, I was working with people in Japan, who had been

the contractors to build the sea-level canal, through Panama. And it was Torrijos' insistence, on going ahead with that contract, with Japan, to build the sea-level canal, that got him killed.

I know similar cases in Ecuador; similar cases in Mexico—crucial cases; and so forth and so on. So, this I know.

I also know the history of this kind of organization's operations against me, particularly from 1978, where very specific operations directed against me, personally, by the people he identifies as the "economic hit men."

I can also tell much of the history of the world: For example, the assassination of Aldo Moro, the former Prime Minister of Italy, is part of this. Many other assassinations of heads of government and state, or figures of that prominence, are part of this. This is part of the operations *against us, and against me*, over particularly the past 30 years, or more.

So, we're familiar with this.

Now, it's laying on our plate. What's the problem? I haven't seen the book itself. I've audited this 13-minute audio interview, with him. I've gone over it carefully. The story is there; it's an important story, it's a valid story. He names names in the interview, like Stone & Webster in New York, in Boston, and so forth; firms like that, that he worked for, which were engaged in this. I know them. I know the Boston operation, of which he was a part, the Boston-based operation: It's called "the Vault." It was the organization which controlled the Dukakis governorship of Massachusetts. And it was over this issue, that I ran *against* Democratic pre-candidate Dukakis, in 1988: Because I knew he was, and had been, a tool of the Vault, which is one of the organizations *behind* the group, which this fellow describes as the "economic hit men," for whom he worked, out of Boston in particular.

So, we know much of this thing.

What Perkins' Story Leaves Out

Now, what's wrong with the story, insofar as I've seen it, so far, is, essentially: While what Perkins describes in this interview, is true—that is, this is the way things happen; this is the way important things have happened; these are some of the organizations, which, to my personal knowledge, have done these things that have happened. So, the story he's telling is essentially true. I don't know to what degree there may be some fictionalization, from my standpoint, or error, honest error, included in his total story. But, the essence of the thematic feature of the story he tells is true.

What's wrong, is this: The tenor of his report alleges, essentially, that there are powerful people inside the United States, inside our government, who use our government for their personal advantage, and that the IMF and World Bank are two of the thugs responsible for much of the kinds of killing, and other causes of death, which are done by the so-called "economic hit men."

But, he's got it backwards, historically. And it may have to do with his family background, because he identifies himself as a member of *the* Perkins family. That's the Perkins

Syndicate family, which you can read about in *Dope, Inc.*, and also, more specifically in *Treason in America*, by Tony Chaitkin. It refers to a process, which is referred to in a different way by Graham Lowry, the historian who died a short time ago. So, we know this. What's wrong is, that it's in the direction of showing that the corruption in the U.S. government, and the corruption in international institutions, through the U.S. government and associated interests, is the story.

It's not the story. The story is—which now it comes back to Denmark and Europe in general: The story is, the evil is centered not in the United States, but in Europe!

What is the story? Well, you go back to over 1,000 years ago; you go back to the time that the Norman chivalry had been developed as a force, after being initially deployed against the political system of Charlemagne, by Byzantium, by forces among the Byzantines. Now, about that time, about 1000 A.D., the power of Byzantium began to disintegrate. It was no longer able to manage things in a way—and the Ottoman Empire was really a continuation of Byzantium. It was just the same Byzantine Empire, the second Roman Empire, under nominally Muslim management; and the methods were very much the same. And it lasted for a long time, because the Roman methods used by Byzantium were fairly effective.

They manipulated people, more than tyrannized them. And by manipulation, they got people to do, what they wanted. Because they made in their own interests, apparently their immediate interest—to do what Byzantium wanted. And that way, Byzantium was able to control all the subordinate features. And that's what the Ottoman Empire did.

So anyway: So, at that time, about 1,000 years ago, once the Norman chivalry had established itself as a power, not only in Denmark, from whence it came—in Jutland; so, be careful about Jutland, what they might find up there! There may be a few berserkers left up there.

But, these guys were not Danes; they were a collection of Saxons and everybody else, who had driven themselves, for various reasons, and because they were pirates, and thugs, and gangsters—driven themselves to this area, where they functioned as seagoing pirates, and thugs in general. And Byzantium developed these people, as a force, and used them as a force, from Norway, from Denmark, and so forth—used them as a force, to try to destroy the Saxon kingdom, or the Saxon system of kingdoms, in England. That was the objective, because they [the Saxon system of kingdoms] were Christians, and this crowd were not in favor of Christianity, except the Satanic variety.

The Venetians Succeed Byzantium

So therefore, about that time, in the course of 1,000 years ago or so, to 900 years ago, you had a transformation in Europe, in which the power of Byzantium diminished. And Venice, which had been, in a sense a vassal—a part of the Byzantine system—began to emerge as a major financier oligarchical maritime power. It used this position of emergence from the weakened Byzantine Empire, to make a coali-

tion with the Norman chivalry: And then they began to destroy France and England.

The Albigensian Crusade in France was part of this operation. The Buggers were not much; they are Gnostics in this truest sense. But, they were slaughtered by a crusade, as a “get-going” operation. And then, of course, they organized the Norman Conquest of England, to eliminate Christianity from England—which I think, from my experience, they pretty much succeeded in doing. It’s very hard to find a Christian in the British Isles, these days.

So therefore, this crowd, this alliance between Norman chivalry, otherwise identified in history with the Crusaders—who were a real bunch of Satanic thugs, and were called “Crusaders”—working under the coordination of Venice’s financier oligarchy.

Now, this system went through a great crisis in the 14th Century. It was a Dark Age: Probably half the population died out, during the period beginning about 1339, when England declared bankruptcy, and the House of Bardi went belly-up. It was a chain of collapse, of the type that threatens us today: That is, when a world system, or a semi-world system, is in the control of a monetary-financial system, with an element of physical tyranny in it; and the system itself collapses on itself, what happens is, the lack of any capability of putting up an alternative system, to replace the collapsed system, results in a winding down of civilization.

So, in this period, probably half the population died out. But, as a net result of new births, at the end of the period of the so-called 14th-Century Dark Age, the net loss of population levels had been a level of one-third. Whereas, at the same time, *half* the parishes of Europe disappeared from the map, during this period.

In the aftermath of that, it was possible for those who had opposed the Venetian/Byzantine/Norman system, to come back in the form of the 15th-Century Renaissance, which was a return from a Roman tradition to a Classical Greek tradition. The Christian church was reborn, after a period in Hell called the 14th Century, where one Pope was more Satanic than the other, virtually.

But then, Venice came back. And by a deal with the Ottomans, to take over Constantinople, the power of the Venetians resumed. The Venetians then launched, beginning with Torquemada’s persecution of the Jews in 1492 in Spain, a wave of religious warfare, which continued until 1648 with the Treaty of Westphalia. In that period following that, toward the end of the 17th Century, the power of Venice was greatly diminished—the power of Venice as a state. But the power of Venice as a financier oligarchy remained.

And what they did is, they changed their name, and their language, from a peculiar kind of Italian spoken up there in the northern Adriatic, into becoming known as Dutch and English. In other words, you had a reincarnation, often of the same Venetian families, their reincarnation as Dutch, English, Danish, etc. families! Along the former Hanseatic League area.

Anglo-Dutch Liberal System Emerges

So, you had, in the North of Europe, beginning at the end of the 17th Century, the emergence around the Dutch East India Company, and later the British East India Company, of a maritime power, whose core was a bunch of financial families, financier oligarchy, which controlled the operation. That thing, in 1763, as a result of the Seven Years’ War in Europe, became the dominant power in Europe, despite the fact that the Habsburgs and similar types were still running around loose. But, gradually over the period from 1763 to 1848, the power of the Habsburgs and their type, as an independent operation, vanished. And the Habsburgs continued to exist, but essentially as controlled assets, dominated by this Anglo-Dutch Liberal system.

And it’s the Anglo-Dutch Liberal system which dominates the world today, in terms of the financial system.

The American Revolution, actually, was an organized revolt, largely by Europeans, using a base existing in North America—especially English-speaking North America, but also some part of the Spanish monarchy of that period—to create a new republic in North America, for the purpose of trying to turn the situation in Europe around, to create Europe as a system of sovereign nation-state republics.

Now, that failed, because the British orchestrated the French Revolution, which was entirely run—that is, directly: the direction, and planning, and control, of the French Revolution was from July 14th, 1789 to the present day, its relics today, was a Venetian operation; but it was a British—Anglo-Dutch, British—operation. It was run right out of London out of the British Foreign Office, under Jeremy Bentham.

Now, the result is this: We had the United States emerge as a power, gradually. It became a world power of significance—it became an intellectual power, immediately. And the objective, of the British, and the others in the French Revolution, was to crush the existence of the United States as a republic. That was the mission, for which Europe was put through Hell—called the Napoleonic Wars—to consolidate again, the power of the Venetian-style oligarchy, or now, the Anglo-Dutch Liberal oligarchy.

With Lincoln’s success over the British puppet, the Confederacy, the United States emerged, as a great power. From that point on—we should say the period from 1863 through 1876, the period of the first centennial celebration of the American Republic in Philadelphia—the United States emerged as the world’s leading nation-state, in terms of rate and level of economic development. The most powerful nation-state on the planet, which had become a continental power, from the Atlantic to the Pacific, a growing one; and there was no individual nation-state on the planet, which matched the United States in this kind of power.

But, the British Empire, which was not a nation-state, the British Empire as the focal point, the leading feature of the Anglo-Dutch Liberal system, controlled the world financial-monetary system still. And it was only, essentially, under Franklin Roosevelt, over the period 1933 through 1945, that



Mexican President José López Portillo was targeted for ouster by Wall Street in 1982, when he took up LaRouche's "Operation Juárez" plan for a debt moratorium and a new global financial system.

the United States, reached the position of challenging and taking over, temporarily, the direction of the world monetary-financial system, in a way consistent with the American System. Now, this was not something that was not desired by many people in Europe, but it was the United States representing that policy, which enabled things in Europe to occur, as in the reconstruction of war-torn Europe, during the period from 1945 through about 1964-65. So, the reconstruction of Europe, is a gift of the Americans.

Anglo-Dutch Financier-Oligarchic System Works Through 'Economic Hit Men'

Now, the result is this: Since then, the right wing, which is, in a sense identified by this fellow Perkins, when he talks about "economic hit men," these are the typification of the private interests, which are essentially *Venetian financier-oligarchical types of family interest*: private interests, which control the inside, at the top, of the present world monetary-financial system. They've dominated the world, in one form or another, for over 1,000 years—the most powerful force in the world. They dominate it, in the form of what is today, the financier-monetary system, the financier-oligarchical system: the so-called Liberal system, the Anglo-Dutch Liberal system. What you're taught as economics in universities and so forth, is this crap. It's a continuation.

The United States was, therefore, subverted and crushed, from the moment that Roosevelt died. Truman was an agent of the enemy. Not an agent against the United States in the formal sense, but an agent in terms of the interests he worked for: These were the people who had backed Hitler, in the early 1930s—Americans who had backed Hitler, again, with Europeans who had backed Hitler in the 1930s, were the forces *behind Truman* in the United States.

That's my personal history. I came back from the war. I

came back in 1946, from overseas duty, and I saw the United States as I had known it under Roosevelt, going right wing. And the people who were driving it right wing, were people like Harriman. And it was Harriman, who had led the New York bankers in the funding of Hitler, to put Hitler into power in the 1930s. He is now running, together with his like, Truman, the President. And we were on the way down.

The power of the revolution that Roosevelt had made, during the war, was such that they could not get rid of the American System immediately, the so-called Bretton Woods system. The Bretton Woods system in its original form, was actually an American system; it was imperfect and so forth, but it was an American system. They couldn't get rid of it.

But gradually, they got rid of it. And the right wing, particularly after the assassination of Kennedy, began to consolidate its power in the form of the Indo-China War; and then, 1971-72, the change to a floating-exchange-rate monetary system, which was really a *reconquest* of the world, *against* the United States, by this bunch of financiers, who are the Anglo-Dutch, Venetian-style Liberal oligarchy today.

Now, it is for that reason that Europe, in facing the present crisis, world crisis, is impotent without a leading role by the United States. The reason that Europeans in the 18th Century, looked emphatically toward North America, the idea of building a republic in North America, as a necessary project for Europe, was to create a power across the ocean, across the Atlantic, which could then become the stimulant *for freeing Europe* of the Anglo-Dutch Liberal system.

We never succeeded.

We have made great reforms, particularly after Lincoln's victory; between 1863 and 1876, there began a series of very important reforms, in Europe, on a high scale: Germany, 1877, adopted the American industrial model, resulting in a transformation of Germany. Japan, in 1877, adopted the

American System of the United States as the model for the development of Japan from a so-called feudal nation. France, after 1872, under its 1872 freedom from Napoleon the Turd, also made changes in that direction. There was a renaissance of a kind in Northern Italy, based on the same thing. Russia: From 1877 on, Russia under Alexander II, the Czar, under the influence of Mendeleyev, adopted the American System for the development of the Russian economy. And the achievements of the Russian economy since that time, with all the other changes, have been largely based on Mendeleyev's conveyance of the principles of the American System to Czar Alexander II; and Count Sergei Witte was also a representative of that [Friedrich] List-American System.

So, what has happened is, we have had a war all these years, these decades, between the American System, which was a creation of Europe, but a creation of Europe with the intention of freeing Europe to do the same thing. Europe has never developed a stable system of republics. What you have in Europe, today, are financier-oligarchical-controlled parliamentary systems. And every time there's a great crisis, the parliamentary system takes a right-wing turn, or is overthrown, and something like a dictatorship comes back to replace it. Who does it? The bankers!

For example, 1931: In the result of the attempt to push through the Young Plan, to handle the great debt problem left over from World War I, they formed a new banking center in Basel, Switzerland, the Bank for International Settlements [BIS]. This bank was then used to orchestrate such achievements as putting Hitler into power in Germany. And Schacht was a key agent of that process.

So, you have repeatedly, that these financier interests, financier-oligarchical interests, move in times of crisis to take their joke-system of freedom, the parliamentary system, overturn it, in the interest of bankers, under the influence of a so-called central banking system—an independent central banking system, which is really a bunch of pirates, called bankers who control the central banking system—who use the power in a crisis, to turn governments in Europe, into right-wing horror-shows, or something like that.

Why Europe Is Different Than the United States

So therefore, since Europe has not recognized that institutional, self-destructive characteristic, of the so-called Liberal system of parliamentary democracy, Europe has proven itself, repeatedly, impotent, to deal with that problem. Whereas, the United States, despite making the same kind of mistakes, is constitutionally of a different form: that, under the U.S. Constitution, which is anti-Liberal, under the U.S. Constitution, we have come back repeatedly, as most notably, under Abraham Lincoln and under Franklin Roosevelt. Europe has not developed, despite the noble efforts of Charles de Gaulle in France, during the Fifth Republic period, up until 1963—Europe has not succeeded in producing a durable form of



Sir Winston Churchill, in order to preserve the British Empire, engineered a right-wing turn in the NATO countries immediately after Franklin Roosevelt's death, using former Nazi Party elements to do it.

government which will not capitulate to these right-wing forces, in a time of crisis.

That's the situation we face, today.

So, what we're looking at, is: That the aim of the international financier oligarchy, the same crowd that was behind Hitler—it was called the Synarchist International, back between the 1920s, 1930s, 1940s—the Synarchist International, which is a bunch of bankers of this Venetian type, is once again moving toward world dictatorship, a more nasty one than ever before. The chief enemy and chief target of this operation, is not Europe; the chief target is the United States itself. Because, the danger is, to these bankers, that *a new Franklin Roosevelt would emerge* in the United States, and would use the Constitutional power embedded in the United States, as an institution, to lead the world, to make the kind of reform that Franklin Roosevelt made the last time around.

Therefore, that's been the effort.

So, what you have is international forces, centered then around the friends of Winston Churchill in London: The minute that Roosevelt was dead—matter of fact, overnight!—*the following morning, after Franklin Roosevelt's death, through stooge Truman*, a stooge of what Churchill represented as the British Empire, *moved to launch a right-wing*

turn, using former Nazi Party and Nazi SS elements, to do it! And they brought them into the NATO system. And they became the right wing. When you're looking at the right wing in the United States today, you're looking not only at an *imitation* of the Nazi system, you're looking at a *direct continuation* of it.

And that's the problem you have in Europe, today—the same thing. You see the Nazi International, Blas Piñar in Spain, Le Pen in France, the group around Alessandra Mussolini and her cronies in Italy—the same crowd; the same crowd that killed Moro, the same Nazi crowd that killed Moro. Then you have two groups in Germany which are uniting, which are the *tools* of an attempted Nazi operation. And you have also in the rest of Europe, various scattered organizations, which are part, actually, of a re-emerging Nazi International: Which is now—as the nation-states of Europe faced with a financial crisis can no longer form what's called “liberal governments” of any stability, as we see in the threat to the Schröder government in Germany, the inability of Germany to have a clear shot at getting a government directly, which can deal with this German crisis. There are forces in Germany which could do it, but they have to be brought together, and they have to be brought together in a certain way, to assert the national interest of Germany against this operation. But, it's not happening yet. There's a struggle in that direction, which is commendable. In other parts of Europe, the same thing.

But, unless the United States turns to assist in freeing Europe, and other parts of the world, from the legacy of this financier-oligarchical system, we're going to Hell.

And that's what we're fighting against. We're not fighting individual issues, in various parts of the planet. We're fighting for a planetary system, based on respectively sovereign nation-state republics, a system of republics, which understands its common interest; and cooperates, as sovereign republics, and as movements of sovereign republics, to create the kind of order in the world, in which we can live.

Now, what you're looking at, in terms of what Perkins describes as the “economic hit men,” you're looking at what *he* describes, accurately, as saying the basis for the operations, of the tyrannical, murderous, operations of the post-war period, have been the taken-over institutions such as the World Bank and IMF, which are effectively the instruments of fascism on the planet, today. And *murderous* fascism! That's what he's saying! He says, as a member of this operation, this is what's happening. Then, in this interview, as I indicated—he said, after all these years, knowing this was going on, working within it, being corrupted by the personal advantages of being part of it, he says, then: *But! When 9/11 struck, I had a change of heart.* I knew the story had to be told: Because, I know what happened at 9/11 is a *direct result* of what the economic hit men are doing.

‘Economic Hit Men’ Control Osama bin Laden

That *is* what happened in 9/11, in the United States. It was not Osama bin Laden. Osama bin Laden was working for the economic hit men. He was part of the operation! Guess why the U.S. troops moved *away from* relevant operations in Afghanistan, into Iraq at a certain point? So they wouldn't take out Osama bin Laden. This was referred to by Senator Kerry, during the campaign.

So, this is the kind of world we live in.

So therefore, the problem is this: Now, Europeans will say, “You're saying Europe is incapable, is incompetent to defend itself. Europe is incompetent to provide world leadership.” That, in a sense, is true. *But*, as we've seen in the past, Europe and the United States represent, at their best, a new system, which finally came into being with the 15th-Century Renaissance, with the founding—for example, of France, as a nation-state. The first modern nation-state, was France under Louis XI of France. The second modern nation-state, led by a fellow called Richmond, who was active in the court of Louis XI of France, who overthrew the tyrant Richard III and established England under Richmond himself, then known as Henry VII, as the second modern nation-state.

Immediately, there was the attempt to destroy this, led by the Grand Inquisitor of Spain, who was a real Satanic, Nazi-type—as a matter of fact, it was on the model of the Grand Inquisitor Tomás de Torquemada that Napoleon Bonaparte was designed! Bonaparte was not an accident: He was *designed*, specifically by a fellow named Joseph de Maistre—

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who educated Napoleon; that is, influenced him, educated him, into what role to play. And Napoleon Bonaparte was a creation of this Martinist sect, run from London, which chose Torquemada, as the model for Napoleon. And then, later, when Adolf Hitler came to power in Germany, he was modeled on Napoleon! And why did he kill the Jews? The Jews were a great asset to Germany, why should they kill them? They killed them, in memory of Torquemada, who started that form of anti-Semitism in Europe. From Spain. And the right wing in Spain is defending the same thing. The right wing of the Catholic Church is polluted with this stuff! With real Nazism, and the Torquemada tradition, which is the same thing.

So, what we're dealing with here, is a continuing struggle, for the kind of republic, for which Europe mobilized to make possible the establishment of the United States as a constitutional republic.

So, what we have in European civilization, in particular, the following picture: We've come to the point in the planet, where there are essentially two basic cultural currents on the planet overall. One, is the cultural current of European civilization, which dates from the birth of Classical Greece, or the Classical Greek tradition out of Egypt. The influence of Egypt, which gave Greece the foundation of its cultural development. And that's European civilization. European civilization is traced from Thales, Solon, Pythagoras, and Plato: That's European civilization, the heart of it. And then, the enemies of that, within Europe, are also part of European civilization. So, we have this fight, within what's called "European civilization."

But, however, we are distinct from the other dominant current on this planet, which is called, "Asian cultures." This includes India, China, Southeast Asia, and so forth. These people do not have, despite the influence of European culture, they do not have a specifically European cultural matrix.

Now, the great challenge of the planet today, to bring about a constructive peaceful order, which will solve the problems before us, is to realize that this great cultural divide of the planet, between the dominant role up to now, of European culture, European civilization; and on the other hand, a group of cultures which is known as Asian cultures, or similar kinds. They call it, in the Asian group: China, India, Japan, Korea, so forth. So therefore, the problem today, is to create a system of republics—or to have a commitment to a system of republics—which incorporates both Asian cultures and European cultures. And to come to an accommodation, a functional accommodation, between the two, which is the basis for the positive evolutionary development of the culture of the planet as a whole.

The planet has become very crowded, not because it's smaller. It has not shrunk. But, the actions taken on one part of the planet, hit other parts of the planet more rapidly than ever before; so that distance and so forth, do not insulate one

part of the planet from what happens in another part. What happens in one part of the planet, more rapidly hits every part of the planet, than ever before in human existence—and this is qualitative. Especially since World War II, this has been the case.

Why We Need the Nation-State

So therefore, we can not let this kind of mess go on. We have to, number one, be committed to establish a system of sovereign nation-states. We have to have a system which includes Asian cultures, as well as European cultures.

Now, there's a third factor here: Human beings are not animals. Human beings have a creative power, of discovering ideas, such as universal scientific principles. No monkey can do that. Only human beings can do it. Now, this quality which distinguishes a man from a monkey though sometimes we question some of our leaders as to whether they are men, or monkeys), is the ability of the individual human mind, to make an experimentally validatable discovery of a universal physical principle. These principles are two types; they're both provable, both types. One, we call physical principles, the physical scientific principles. The other, we call cultural principles; these, also, are provable. Some are right, and some are wrong. The ability to distinguish between the two, is a quality of the human mind, a potential of the human mind. And therefore, in order to develop people, we have to take the cultures they have, the national language-cultures, and the traditions associated with that; we have to treat those cultures as we would treat a work of art, in which the people in that society are given the opportunity to exercise their creative powers, to understand the errors and achievements in the specific language-culture that they represent. And it is by this basis, that we elevate the individual citizen from being like a cow, who just does what he does, or she does—and then, dies; into an individual who participates in the development and transmission of those ideas on which civilization and its progress depend.

Therefore, we need the nation-state, the language-culture-based nation-state, as the basic institution of organization of society. We need, therefore, a system of cooperation among nation-states of that type, as a way of running the affairs of the planet. That's what we should be fighting for.

The hit men, which Perkins describes, are nothing more than the equivalent of two bums from the 14th Century, called "Biche" and "Mouche," who were banking agents for the House of Bardi, who, like the economic hit men of the post-1945 period, run around the world, organizing wars; organizing the financing of wars; organizing the looting of the countries which financed the wars; organizing the looting of the defeated by the predators, and so forth and so on: All to the greater name and glory of financial usury.

And we, like fools, praise this system. *We call it "free trade." Free trade, in human bodies.*

Okay. That's what I have to say: Now it's up to you.

Schwarzenegger Savages California, Aims at Presidency

by Harley Schlanger

“I admired Hitler . . . because he came from being a little man with almost no formal education, up to power. And I admire him for being such a good public speaker and for his way of getting to the people and so on. . . .”

—Arnold Schwarzenegger,
in a 1977 interview with George Butler

When Lyndon LaRouche’s Presidential campaign committee used the above quote during the 2003 California Recall campaign as the lead in the now-famous anti-Schwarzenegger leaflet, “The Return of the Beast,” many Democrats protested.

“That was a young, immature Schwarzenegger who said that,” some insisted. “He didn’t know what he was saying.” Other Democrats quivered with anger and fear: “You can’t say that, that’s too inflammatory.”

It was exactly such equivocation and fear—plus a measure of sabotage by Kennedy-family-allied Democrats, such as consultant Bob Shrum—which ensured the success of the coup/recall against duly elected Gov. Gray Davis (D), and installed the Hitler-admiring action film hero as Governor in Sacramento. And it was the courageous effort by the LaRouche Youth Movement (LYM), in taking on that fear, by distributing several hundred thousands of those leaflets, which prevented Schwarzenegger from winning by a larger margin, and defeating him in Los Angeles County and the San Francisco Bay area.

Arnie the Fascist

With a finely honed image to supplement a once-sculpted body (attained, according to many body-building sources, by liberal use of steroids), Arnie was presented to voters as a

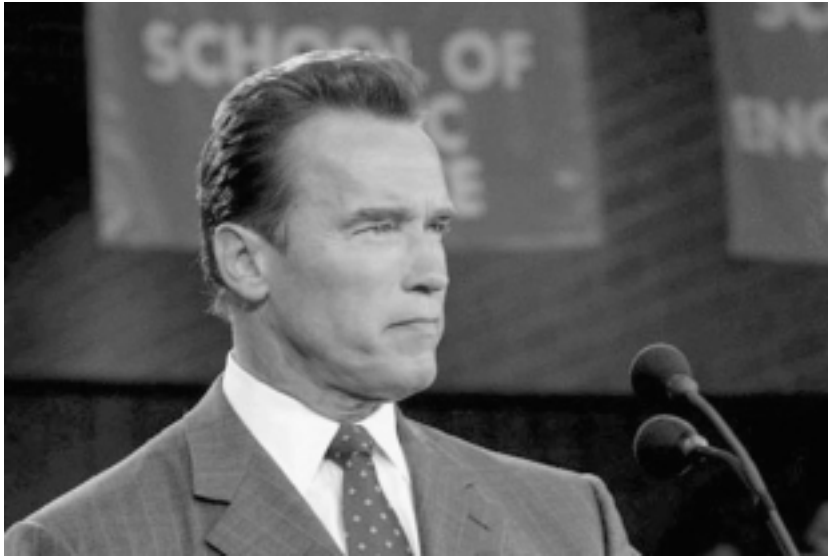
Republican who was “moderate” on social issues, and “conservative” fiscally. Using the kind of deceptive, hypocritical campaign practices which would make Bush controller Karl Rove proud, he ranted against “special interests,” i.e., labor unions and trial lawyers—while his campaign was funded by corporate interests, especially energy companies—and against “professional politicians” and their “deal-making,” even though his campaign was run by former operatives of Gov. Pete Wilson, who served as a co-chair of his campaign.

His campaign itself, with screaming, adoring, half-crazed fans cheering on his calls to “Terminate Davis,” bore a strong resemblance to the Nazi rallies in the early 1930s, and brought to mind the end of the passage in the interview quoted at the beginning of this article:

“America. . . . There is one thing I don’t like here, and that [is] people go on their own little trips too much. The unity isn’t there anymore. And I don’t think it’s too much the people’s fault. I think it’s because we don’t have a strong leader here. . . . To speak to maybe 50,000 people at one time and have them cheer, or like Hitler in the Nuremberg Stadium, and have all those people scream at you and just being in total agreement with whatever you say.”

The cinematic spectacle, however, is only part of the story. The more serious parallel with Hitler is in the economic policies for which the would-be Terminator is the front-man. Schwarzenegger is a devoted follower of Milton Friedman, of whom economist Arthur Laffer once said, “You want to prove that Milton Friedman is a fascist? It’s easy. Quote him.”

Laffer, despite his own quirky credentials as the perpetrator of the theory behind the disastrous Reagan-era tax-cutting fraud known as the “Laffer Curve,” was dead-on in his analy-



Gov. Arnold Schwarzenegger: During his first year in office, the California debt grew 54%, to a staggering \$51 billion. Arnie's controllers, such as George Shultz, are demanding brutal budget cuts in the coming year.

sis of Friedman. Known for his popularization of “free trade,” Friedman is a blatant apologist for Schachtian economics, the brutal fascist economic measures named after Hjalmar Schacht, Hitler’s Minister of Economics. Schacht was a top operative of City of London Banker Montague Norman, who helped organize the coup which put Hitler in power. Friedman, who appeared recently with an admiring Schwarzenegger, is a longtime ally of another one of Arnie’s fascist controllers, George P. Shultz.

It was a team of Anglo-Venetian financiers, headed by Lord Jacob Rothschild, Shultz, and mega-speculator Warren Buffett, which backed the coup which made Arnie the “Governor.”

Accelerating Collapse

As documented in the LaRouche in 2004 pamphlet, “Who Robbed California” (of which more than 1 million were distributed during the Recall campaign), the same gang which backed Schwarzenegger’s candidacy had been responsible for the devastating budget crisis which resulted from the deregulation of electricity in the state. The criminal enterprise formerly known as Enron, along with other energy pirates, looted the state of more than \$70 billion in 2000-01, with full protection from two oil men, President George W. Bush and Dick Cheney.

The same George Shultz who backed Schwarzenegger in 2003 had been one of the first prominent backers of “Dubya” Bush for President. Shultz put together the team for him which became known as the Vulcans, the neo-conservative clique whose lies led to the failing war against Iraq and the tax cuts

which threaten to turn the dollar into toilet paper. Not surprisingly, the same George P. Shultz had been responsible for convincing President Nixon, in August 1971, to end the post-war Bretton Woods system, then moved in 1972 at the Azores Conference to establish the presently bankrupt floating-exchange-rate world financial system.

What was behind the decision by Shultz et al. to back the efforts to throw out Gray Davis and put in a cartoonish action figure as Governor of the richest state in the United States? Obviously, with this gang of thieves, to continue the looting!

With the state heading toward record debt due to the looting by Enron and the others, Davis moved to reverse deregulation and go after the energy companies. The Recall campaign was used to not only dump Davis, but to begin Phase II of the rip-off of California.

Despite the groveling press coverage given to Governor Schwarzenegger—coverage which claims he has the state going in the right direction, offering as proof his high standing in the polls—California is plunging into a deepening crisis. The latest figures released by the legislature’s nonpartisan financial office project a minimum shortfall of \$6.7 billion for Fiscal Year 2005-06, while estimating that this will zoom to \$10 billion for 2006-07. These estimates are optimistic, as they are based on a delusional forecast of strong economic growth in the state.

Economic Hit Men?

Meanwhile, in his first year in office, the debt backed by the state general fund grew from \$33 billion to nearly \$51 billion, a 54% increase. This staggering leap was fueled by the \$15 billion bond backed by Schwarzenegger—which he pushed through as a referendum—to cover previous shortfalls.

Besides the bonanza reaped by investment houses tied to the financiers who backed Schwarzenegger’s seizure of power—namely, the synarchist bankers long associated with George Shultz, who make huge profits by marketing the new state bonds—the effect of this exploding indebtedness will be to increase demands for massive, brutal cuts in next year’s budget. Schwarzenegger backed off such cuts this year, which has enabled him to maintain an aura of popularity. However, Shultz and others are insisting that he must wield a sharp ax next year.

The only way Schwarzenegger can make deep enough cuts in the budget to satisfy the upcoming debt payments will be to destroy the social safety net. He must make cuts far

beyond those imposed thus far in health care, which have closed emergency rooms and trauma centers throughout the state, while looting of pension funds will escalate, along with cuts in public schools, the state college system, and law enforcement.

One of the reasons given by Shultz and Wilson for backing Arnie in the first place was that they believed he “had the stomach” to make the “tough decisions.” They were counting on Schwarzenegger, the son of an Austrian Nazi, to happily play their game, destroying people’s lives while grinning like a fool, soaking up the adulation of frustrated, frightened suburbanites as he whipped them into a frenzy in the food courts of shopping centers, to demand an end to the government’s legitimate role in protecting the poor, the sick, and the elderly.

A team of investigators from *EIR* and LaRouche PAC will be looking into this California budget swindle, in light of the reports by John Perkins in his book, *Confessions of an Economic Hit Man* (see the *Feature* story in this issue), of how synarchist financiers target nations for destruction, using methods which parallel what is being done to California under Schwarzenegger.

Arnold for President

Perhaps if Arnie serves his masters well, he could be the next President of the United States! Sen. Orrin Hatch (R-Utah) already has introduced an amendment to the U.S. Constitution which would allow a foreign-born citizen, such as Schwarzenegger, to run for President. A campaign of media ads and petitions has been prepared to back Hatch’s amendment.

Schwarzenegger signaled his approval of this scenario in an interview on CBS’s “60 Minutes” on Oct. 31, when a star-struck Morley Safer gushingly asked him if he backed the Hatch amendment. “Yes. Absolutely,” he responded, adding, “With my way of thinking, you always shoot for the top.”

Earlier, he explained why he left Hollywood to run for Governor: “I realized that, you know, I’ve done this. I’ve gotten to the top. . . . So I said to myself, you know, ‘I’m tired of the same things’ . . . eventually it gets old.”

Shultz and others will be watching closely to see if their Hollywood front-man is capable of pushing through fascist looting policies on California. If so, they are ready to unleash him on the only juicier target there is: the United States. Schwarzenegger is ready to leave. California Treasurer Phil Angelides told the *Los Angeles Times*, “He appears to want adulation more than he wants the long-term well-being of the state.”

One of the prescient slogans of the LYM’s campaign to defeat Schwarzenegger last October was, “One Imported Austrian Dictator Was Already Too Many.” Given the push to make Arnold President, one leading national Democrat said this week, “Maybe it’s time to recall this fascist SOB now, before it’s too late.”

Congress Passes a War And Austerity Budget

by Carl Osgood

For the eighth time in ten years, the U.S. Congress has wrapped up the annual appropriations process with an omnibus spending bill written behind closed doors, and completed in the middle of the night. As has become the custom, the process guaranteed that members of the House and Senate were confronted with a bill that all but a few of them had had little chance to read; that had provisions removed which had been passed by both the House and the Senate; and other provisions added that had never been considered by either House. Nor were members, in spite of all of the unconsidered changes, able to offer amendments.

The \$388 billion bill that the House and Senate passed on Nov. 20 during their “lame duck” session, therefore, was the product of an increasingly dysfunctional Congress which is characterized by the collapse of the normal Congressional process.

Democrats did not hesitate to point out this problem. Rep. David Obey (D-Wisc.) called the bill “a poster child for institutional failure” that is “totally inadequate to meet the nation’s needs in education, health care, and the environment. It falls so far short from meeting our investment obligations for the future that it could only be brought to the floor by the majority party after the election.”

Sen. Robert Byrd (D-W.Va.), the foremost defender of the Constitutional prerogatives of the Senate, noted that putting omnibus bills together at the end of the session inevitably brings the White House into the process. He said that the normal process of passing 13 annual appropriations is the only way to protect Congress’s power of the purse. “That is the way to protect the American people” and “respect Members’ rights to debate important legislation.” Byrd added, “Omnibus bills allow the White House to set arbitrary ceilings on spending [and] preclude Members’ rights to debate significant issues.” Sen. Russ Feingold (D-Wisc.), following up on Byrd’s remarks, told the Senate that those who crafted the bill as a conference report were “of course, fully aware that this bill would be completely shielded, and as a result they were free to include numerous provisions that would certainly have generated amendments were they to come in an amendable vehicle.”

Two very significant provisions were removed from the bill by the GOP negotiators, even though both had been passed by both Houses. One would have prevented the Labor Depart-

ment from spending any funds to enforce its new overtime regulations, which significantly weaken access to overtime pay for millions of workers. Sen. Edward M. Kennedy (D-Mass.) noted the bipartisan support for that provision, and yet “The Republican leadership keeps refusing to accept the will of the Congress and the will of the American people.” The second provision would have toughened the rules for the outsourcing of government work, called A-76, requiring the Bush Administration to include Federal workers whose jobs are threatened with being privatized in A-76 competitions. Its removal “will put Federal employees at greater risk” Obey said.

Debt Is Our Most Important Product

Both provisions, with others which disappeared after having passed both Houses, were removed in order to please the White House, which had threatened a veto of either if the two provisions remained in the bill.

All of this had been preceded by a vote to increase the statutory debt ceiling by \$800 billion. This was the third time since President Bush took office that the debt ceiling has been increased. In January 2001, the limit was at \$5.6 trillion. After the House and Senate votes on Nov. 17 and 18, the limit is now set at \$8.18 trillion. The total national debt at the time of the House vote was somewhere over \$7.4 trillion.

Rep. Kevin Brady (R-Tex.) attributed the problem to the 9/11 attacks and the wars that the United States has been fighting ever since. He insisted that Republicans are committed to holding the line on deficit spending, and called on the Democrats to join the GOP in that effort. In response, Rep. Sander Levin (D-Mich.) blasted the GOP for blaming the deficits on everything but their own policies. “It is time you stood up to the bitter fruits of your policies,” Levin said. “This country’s families are now being asked by you for a tax increase on every family of America,” a tax he calculated as \$25,255 for every person in America.

The close vote in both Houses showed the divisiveness of the issue. The Senate voted 52-44 and the House 208-204 for the debt-limit increase.

Austerity Rules the Day

While a number of high-profile agencies and programs got sizeable increases in their budgets for Fiscal 2005, austerity is now the name of the game, especially for programs that have some social or infrastructural impact. The Republicans are “holding the line” on domestic spending in the name of “fiscal responsibility.” As House Appropriations Committee chairman Bill Young (R-Fla.) reported, there is no growth in the discretionary domestic spending in the bill, and the spending increases in the bill are paid for by an across-the-board 0.83% cut from the top lines of every agency covered by the bill. Exemplary of the problem is the Veterans Affairs-Housing and Urban Development appropriations, which

includes NASA and other independent agencies.

As recounted by Sen. Barbara Mikulski (D-Md.), the VA-HUD appropriations subcommittee was instructed by the GOP leadership to add \$1.2 billion for veterans medical care to Bush’s budget request, fund NASA at \$16.2 billion, and provide enough money for the “Section 8” low-income housing program to renew it for one more year. Mikulski said that she has always strongly supported these programs, but “in order to fund these priorities, we had to cut \$3 billion from other programs. This is a shell game.” Those cuts included \$26 million from housing for the elderly and \$10 million from housing for the disabled. The Community Development Block Grant Program was cut by \$200 million, and the Clean Water State Revolving Fund, which lends money to communities to improve their water and sewer systems, was cut by \$250 million compared to the Fiscal 2004 funding level.

The National Science Foundation’s budget of \$5.5 billion, which is also part of the VA-HUD bill, is \$62 million less than last year’s. The irony here is that while the Congress has doubled the budget for the National Institutes of Health over the past five years, the NIH depends heavily on basic initial research funded by the NSF, which is being cut. “This is the most Luddite provision in the bill,” said Obey.

Also taking hits are education programs. Overall, the Department of Education gets \$57 billion in the omnibus bill, an increase of \$1.4 billion over last year, but several programs will be getting less than the Bush Administration asked for. Special education grants will get \$415 million below the request, though this is still \$607 million more than last year. Title I programs, which provide aid to states and school districts to help educationally disadvantaged children, gets \$500 million less than the budget request, and after-school programs are reduced by \$25 million. The Pell Grant program, which helps undergraduate students working towards a bachelor’s or professional degree, gets \$468 million less than the request.

The programs of the Federal transportation bill are cut below FY 2004 levels, in spite of the fact that much of the transportation system, especially air travel, is in a state of collapse. The Transportation Department budget of \$89.9 billion is \$495 million less than last year’s. The \$13.6 billion provided to the Federal Aviation Administration is \$219 million less than last year. Amtrak is funded at a level of \$1.217 billion, which is slightly less than Fiscal 2004’s \$1.2177 billion, and guarantees further cuts in routes and operations. Highway programs are funded at a level of \$35.5 billion, an increase of \$1.9 billion over last year, but those programs can only continue existing projects because a new six-year transportation authorization bill has yet to be passed. Those programs have been sustained by temporary extensions since October 2003.

Even programs that got increases are still not being funded

enough to meet baseline needs. The well-known and widely used Low Income Home Energy Assistance Program (LIHEAP), which helps poor families pay their Winter heating bills, is funded at \$2.2 billion, 4% million more than last year. However, fuel costs have risen far more than that since last Winter. According to a study by the Center on Budget and Policy Priorities, heating oil alone is expected to be 38% more expensive than last year. When natural gas and propane are calculated into the mix, overall home-heating costs are expected to have jumped 24% in a year.

Veterans' health care is funded at a level of \$30.3 billion, \$1.9 billion more than last year and \$1.2 billion more than the Bush Administration request—offset by other cuts, as Representative Mikulski protested. However, House Democrats had actually called for an increase of \$2.5 billion, because of the additional burden of new veterans of the wars in Iraq and Afghanistan, and the 500,000 veterans who are unable to get VA health care under present circumstances. Also, the increase is partially offset by reductions of about \$500 million from medical facilities and medical administration. Prosthetic research is funded at the FY2004 level of \$405 million, which may effectively become a budget cut, given the hundreds of new amputees being produced by the war in Iraq.

Wars' Growing Financial Burden

None of this, of course, includes the growing costs of the Iraq and Afghanistan wars and ongoing military security operations in the United States. According to a report compiled by the Democratic staff of the House Budget Committee, the Congress has already appropriated a total of \$231 billion for all three operations. Of that total, nearly \$160 billion is for Iraq alone, where monthly costs for military operations are approaching \$5 billion per month. Afghanistan adds another \$750 million per month, or so. The Defense appropriations bill, passed in August, provided \$25 billion, passed as a stopgap to carry operations over into Fiscal 2005; but the Pentagon began spending it immediately, because of the "unexpectedly" high level of hostilities. The Bush Administration is expected to send up another supplemental request to cover war costs, amounting to \$55-70 billion.

As for future costs, the report projects—based on a scenario used by the Congressional Budget Office—that the current troop level in Iraq will be maintained for two years, and then ramping down steadily to a level of 55,000, with a few thousand in Afghanistan, for an indefinite period—a combined future cost of \$324 billion through 2014. Added to the money already appropriated, the cost of Afghanistan and the Iraq invasion and occupation is forecast at \$555 billion. Since all of that is borrowed money, the interest costs must also be added, which could be as much as \$240 billion through 2014, bringing the total cost of Dick Cheney's perpetual wars to about \$800 billion.

Rep. Waxman Demands Halliburton Hearings

The letter excerpted below was sent on Nov. 10 to Rep. Tom Davis (Va.), Republican Chairman of the House Committee on Government Reform, by the ranking Democrat on the Committee, Rep. Henry Waxman (Calif.). So far, there has been no response—and little-to-no coverage in the media of this initiative.

Although it is unsaid in the letter, the Halliburton contract issue goes directly to the corruption of Vice President Dick Cheney, the former CEO of that company, among others.

Dear Mr. Chairman:

I am writing to request additional hearings on Halliburton's \$7 billion no-bid contract to restore Iraq's oil infrastructure.

Documents that the Committee recently received from the State Department reveal that senior Administration officials, including the U.S. Ambassador to Kuwait, intervened to direct a lucrative fuel contract to a favored Kuwaiti subcontractor. The documents also disclose that the State Department received reports in June and August 2003 that Halliburton officials demand "kickbacks," "solicit bribes openly," and "are on the take." The implications these new disclosures should be thoroughly investigated.

On July 9, 2004, we jointly requested copies of communications from the U.S. embassy in Kuwait regarding the Altanmia Commercial Marketing Company, the Halliburton subcontractor responsible for importing fuels into Iraq from Kuwait. On October 8, the State Department produced over 400 documents in response to this request. These documents appear to undermine months of claims by Administration officials that the Halliburton contracts and subcontracts were awarded without political interference and without knowledge of allegations of corruption.

Beginning in October 2003, Rep. John Dingell and I wrote a series of letters to Administration officials raising concerns about the extraordinarily high prices that Halliburton and its KBR subsidiary were charging to import gasoline from Kuwait into Iraq. Our correspondence revealed that KBR and its Kuwaiti subcontractor, Altanmia, charged the taxpayer \$1.64 per gallon to import gasoline into Iraq, which was more than double what it cost others to provide the same fuel. Our concerns were validated on December 11, 2003, when the Defense Contract Audit Agency (DCAA) disclosed a draft audit that estimated that KBR and Altanmia had overcharged the

taxpayer \$61 million for gasoline imports through September 30, 2003.

The State Department documents show that rather than acting to halt these overcharges, senior State Department officials intervened to pressure U.S. contracting officials to drop their efforts to find a less expensive source of gasoline. On December 2, 2003—just nine days before DCAA revealed its audit findings—Richard Jones, the U.S. Ambassador to Kuwait and Deputy Administrator of the Coalition Provisional Authority, sent an e-mail directing officials to:

[T]ell KBR to get off their butts and conclude deals with Kuwait NOW! Tell them we want a deal done with al-Tanmia within 24 hours and don't take any excuses. If Amb. Bremer hears that KBR is still dragging its feet, he will be livid.

Federal procurement rules require “complete impartiality and . . . preferential treatment for none” in contracting decisions. Standard contract clauses mandate subcontract competition to the maximum extent practicable. Yet as this e-mail and other similar ones reveal, senior Administration officials repeatedly insisted that Halliburton continue to use Altanmia rather than solicit bids from less expensive competitors. According to a Dec. 6 document from Mary Robertson, the career official at the Army Corps of Engineers responsible for the Halliburton oil contract, she received “political pressures. . . to go against my integrity and pay a higher price for the fuel than necessary.”

The documents also reveal that the Administration received warnings of extensive corruption in the Halliburton oil contract in June and August 2003. One e-mail summarizing an Aug. 4, 2003, meeting between embassy officials and Altanmia reports Altanmia's claim that it is “common knowledge” that coalition and KBR officers “are on the take; that they solicit bribes openly” that anyone visiting their seaside villas at the Kuwaiti Hilton who offers to provide services will be asked for a bribe.”

In addition to these new documents, there is other recent evidence of special treatment for Halliburton that our Committee has not considered. Two weeks ago, the attorneys representing Bunnatine Greenhouse, the top contracting officials at the Army Corps of Engineers, sent a letter and documents to the Committee. According to these materials, Ms. Greenhouse observed multiple instances in which Halliburton received special treatment from Defense Department officials. Her allegations are now being investigated by the FBI.

To your credit, our Committee has already held hearings on the Halliburton contracts. The State Department documents and the materials provided by Ms. Greenhouse raise new issues that deserve further investigation. For this reason, I respectfully request that the Committee hold hearings to examine (1) the new evidence that senior Administration of-

ficials applied political pressure to stifle competition and steer the lucrative fuel subcontract to Altanmia; (2) the new claims that Halliburton executives sought kickbacks and bribes; and (3) Ms. Greenhouse's allegations of special treatment of Halliburton. . . .

Claims of Kickbacks and Corruption

The State Department documents also reveal that Administration officials were aware of allegations of rampant corruption involving Halliburton's Restore Iraqi Oil contract as early as June and August 2003. Halliburton disclosed in January 2004 that two of its employees participated in a kickback scheme under the LOGCAP troop support contract. The allegations in the State Department documents are the first indication that Halliburton employees may also have demanded kickbacks under the Restore Iraqi Oil contract.

According to a June 29, 2003 memorandum from the U.S. embassy in Kuwait, Altanmia's General Manager, Waleed Al-Humaidhi, told embassy officials “that he and his employees were pressured to provide unnamed KBR executives with ‘kickbacks’ on the humanitarian fuel contract. Mr. Al-Humaidhi claimed that “his refusal to provide ‘kickbacks’ to KBR executives” was “the real reason” why Altanmia was disqualified from a winter fuel subcontract. According to the memorandum, Mr. Al-Humaidhi “fears being ‘blacklisted’ by KBR for having drawn attention to what he alleges are improprieties.”

A summary of an Aug. 4, 2003 meeting between embassy officials and Altanmia officers relates Altanmia's claim that it is “common knowledge” that coalition and KBR officers “are on the take; that they solicit bribes openly; that anyone visiting their seaside villas at the Kuwaiti Hilton who offers to provide services will be asked for a bribe.” At the meeting, Altanmia officers also alleged that a senior KBR executive's wife received a \$26,000 watch “gratis, from the real estate company to which it is alleged KBR pays double the market rate for its office space in Kuwait City.” Embassy officials confirmed portions of this account after interviewing a Hilton manager. According to an embassy document, the chief operating officer for KBR's Middle East operations demanded that the hotel replace the “diamond-encrusted” watch his wife allegedly lost, stating, “get off your f& %ing ass, put my wife in a car, and go get her a watch.”

The Altanmia officers also reported that a senior KBR employee was fired for complaining to “senior KBR management about corruption” and that “KBR employees are smuggling discounted-price ‘stolen’ crude out of Iraq in USG provided tanker trucks for personal gain.” . . .

Conclusion: Under your leadership, the Committee held several days of productive hearings on the contracts for the reconstruction of Iraq, including Halliburton's Restore Iraqi Oil contract. In light of the new evidence the Committee has received, I believe that additional hearings are needed. . . .

Huge Potential in China's Ibero-American Initiatives

by Cynthia R. Rush

Coincident with the Nov. 20-21 convening of the Asia Pacific Economic Cooperation (APEC) summit in Santiago, Chile, Chinese President Hu Jintao made an unprecedented two-week diplomatic and trade foray into South America, with high-profile state visits to Brazil, Argentina, Chile, and Cuba. Speaking before the Brazilian Congress on Nov. 12, Hu announced that China is prepared to invest \$100 billion in Ibero-America over the next ten years, and would double the current level of business over the next three.

"Mutual cooperation between China and Latin America and the Caribbean is passing through an unprecedented historic opportunity," he told Brazilian legislators. He then quoted former Chinese Prime Minister Deng Xiaoping, who "used to say that the 21st Century would be the century of Latin America and the Pacific, and therefore both sides should take advantage of the opportunity to advance together." Accompanied by a delegation of 200 businessmen, the Chinese President signed multi-billion-dollar deals for investment in trade, raw materials, infrastructural development, and cooperation in the energy and aerospace sectors, among others. The bulk of these accords were with Argentina and Brazil.

Less than a week after Hu's visit to Brazil, Russian President Vladimir Putin also made a state visit to the country, where the most prominent agreement signed involved space cooperation and transfer of rocket technology. This agreement, President Inácio Lula da Silva said, would give Brazil "renewed optimism and determination" to pursue its national space program.

Both China and Russia also strongly supported Lula's bid for Brazil to become a permanent member of the UN Security Council.

This aggressive diplomacy, which also included a trip to the region by South Korean President Roh Moo-Hyun, occurs at a moment of extraordinary international turmoil. The world financial system is spiralling out of control, reflected in the daily plummeting of the U.S. dollar. Synarchist financial and raw materials cartels are attempting to seize control of oil, strategic minerals, water, and food supplies, on a global scale. Their brutality is most visible in Africa, where gangs acting on behalf of oil and mining conglomerates have plundered entire regions and butchered their populations.

These Anglo-Dutch oligarchical interests plan the same fate for resource-rich Ibero-America. Large portions of the continent have already been "Africanized" by decades of the International Monetary Fund's (IMF) criminal free-market policies, resulting in desperate poverty, expanding narco-terrorism, and societal breakdown.

China, one of the world's largest raw material consumers, is attempting to navigate in these turbulent waters, by securing its own supply of strategic raw materials, energy resources, and food to meet the needs of its rapidly growing economy and population. The Chinese proved to be tough negotiators in extracting from Argentina and Brazil official recognition as a "market economy," which under World Trade Organization (WTO) rules, limits the protective barriers these countries can put up against Chinese imports.

In exchange, China agreed to open its economy up to previously banned beef and poultry imports from both countries, and conferred on them the status of preferred tourist destinations for millions of Chinese tourists.

Recognizing China as a "market economy" provoked alarm among Brazilian and Argentine industrialists who fear a flood of cheap imports that will unfairly compete with do-

mestic production. Argentine President Néstor Kirchner personally guaranteed his country's businessmen that every industry that needs protection "will get it" over the coming several years.

No Simple Characterizations

But the relationships China is establishing with several Ibero-American nations are considerably more complex than raw materials exchange or free trade. The "South-South" cooperation reflected in the agreements forged with Brazil and its neighbors can potentially move the region in a completely different direction from the war and devastation unleashed by financial oligarchs.

During his Nov. 11 webcast to Argentina's National Technological University (UTN), published in this edition of *EIR*, statesman Lyndon LaRouche discussed the implications of China's Ibero-American initiatives in response to an Argentine student's question about whether these represented a real benefit, or were just an "exploitation of our interests."

"Look at this from two standpoints," LaRouche said. It's true that "China is the world's greatest bidder for raw materials in the world today." But what should the attitude of Brazil and Argentina be to what China is doing? "There's nothing wrong with China and Brazil and Argentina trying to get some partnership in cooperation." If Argentina, which has been looted and destroyed by the IMF, "can get some kind of productive partnership which would get some income into the situation for you, it would be helpful," LaRouche said. "If you could have some development of natural resources of Argentina, which exist, in order to raise the level of employment to get some of your people off the streets, and into some kind of quality employment, to rebuild the families of Argentina, that would be beneficial."

What China is doing in the world context, and what that means, must be recognized, LaRouche elaborated. "At the same time," he emphasized, we must "recognize what we should do in response to that. We should not reject it." Instead, "what I think we have to do is to just take a realistic, conscious understanding of what is going on in the world . . . and react in terms of defending our honorable interests in our treaties with our new partners."

Nonlinear Potential

LaRouche noted, for example, that one development that could potentially emerge from China's current agreements to purchase raw materials and food from Brazil and Argentina would be its interest in building a second Panama Canal, to facilitate transportation of those raw materials. Years ago, LaRouche said, Japan was very interested in building a large-scale, sea-level canal. Were that project to be taken up by China, "it would be very significant," with benefits for both Brazil and China—not to mention Panama.

LaRouche also reiterated that whether global develop-

ment occurs is dependent on changing the policy direction of the U.S. government. While other countries can't initiate this, he said, they "can *contribute* to this," by working toward "a system of comprehensive agreements among sovereign nation-states about a new world economic order among nation-states. An order which is based on the best aspects of the old Bretton Woods system."

The "strategic partnerships" which China is building with Brazil, Argentina, and other Ibero-American nations, can constitute the groundwork for just such sovereign arrangements. That reality hasn't escaped the attention of U.S. Vice President Dick Cheney and his worldwide network of neo-conservative thugs.

They viewed with unease Lula da Silva's trip to China last May, where the Brazilian President urged that the partnership between Brazil and China "serve as a paradigm for cooperation between nations." In June 2003, Brazil joined with India and South Africa in forming the "Group of Three," to provide a forum for leaders of all three continents to consult on South-South cooperation. At the time, Lula made clear he wanted to see the group expand into a Group of Five, to include Russia and China. Given the results of Hu Jintao's and Putin's just-concluded visits to Brazil, that proposal may be closer to becoming a reality.

Beyond the raw materials component of its agreements with Brazil, which notably includes oil, coal, and iron ore as well as food, China will also invest billions of dollars in building steel projects, railroads, waterways, pipelines, and expanding port infrastructure in the country. China is already cooperating with Brazil on satellite and aerospace technology, which is expected to grow. Brazilian Development Minister Luiz Fernando Furlan has visited China nine times in the last 18 months.

Prior to Hu Jintao's arrival in Buenos Aires on Nov. 16, that capital had been rife with rumors that China might lend money to allow Argentina to pay off the \$15 billion it owes to the IMF. That funding didn't materialize; but the \$19.7 billion worth of "framework agreements" will channel Chinese investment into rebuilding the railroad grid, building 300,000 units of low-cost housing, expanding oil exploration, including offshore drilling, and strengthening cooperation in satellite and aerospace technology. There is also excellent potential for cooperation in the field of nuclear energy, which Hu Jintao suggested when he toured Argentina's internationally respected INVAP company, a premier producer of nuclear research reactors and technology.

Following the signing of bilateral accords Nov. 16, President Kirchner told Hu Jintao that he envisioned a relationship that goes well beyond trade. "Our central concern," he said, "is to work for the welfare of our people, and we know that through greater attention to the complementarity of our economies, there is the possibility of creating jobs and wealth in both nations."

Argentina's Enemies Are The Synarchist Bankers

U.S. political leader Lyndon H. LaRouche, Jr. held a webcast video-conference with youth in Argentina and Peru on Nov. 11, 2004. The introductions and questions have been translated from Spanish.

Anuart Jarma: Good afternoon, my name is Anuart Jarma. I am speaking on behalf of the Liaison Executive Committee of the Rosario campus of the National Technological University (UTN), and also as a member of the Regional Forum for Social Dialogue, which is an entity that was created at a very critical moment of the crisis which we Argentines have endured over the last years. This group has been formed by all of the sectors of the community in this region—the business sector, the trade union sector, non-governmental organizations, civic organizations, etc.—as a forum for dialogue, for the purpose of exchanging ideas among ourselves, coming to a consensus of views, and facing the task of recovering our country, which has suffered so greatly in the recent period.

For that reason, we are most honored to have this contact with Dr. LaRouche. We are infinitely grateful for this great deference he has shown us by communicating with Rosario, with this second most important city of the Argentine Republic, located in a very promising area with great agro-industrial potential.

Mr. LaRouche, welcome to our auditorium. I am going to hand the microphone over to a representative of the LaRouche Youth Movement, Emiliano Andino, who will coordinate this video-conference. We also have with us today members of the Culture Secretariat of the Rosario campus of the UTN, as well as members of representative entities, associations, and also business groups.

Welcome, and thank you.

Emiliano Andino: My name is Emiliano Andino. I am a member of the international LaRouche Youth Movement, and we would like to welcome you to this video-conference, “The Issue Is the Sovereign States of the Americas,” given by former U.S. Presidential pre-candidate Lyndon LaRouche.

I am speaking to you from the Rosario branch of the UTN of Argentina. Other universities are also connected to this webcast: the UTN of Buenos Aires, the UTN of Córdoba, the Economics Department of the National University of Lomas de Zamora in Buenos Aires province, and also the University of Callao in Peru. Other universities were also scheduled to

join us over the Internet, for which we don't yet have confirmation of their participation. We also want to welcome those of you who are listening by Internet.

We would like to thank Mr. Anuart Jarma and all the members of the Regional Forum for Social Dialogue, the Rosario branch of the UTN, and Liaison Executive Committee, whose support has been essential to carry out this event.

Therefore, I would like to present to you Mr. Lyndon LaRouche, the man who should be President of the United States.

Lyndon H. LaRouche, Jr.

Thank you very much. As you know, the problems of Argentina are not regional, they're international. If there were any doubt of that, we have the case of the IMF involvement in the problems of Argentina, and other countries. Thus, what is happening on a world scale will reverberate into whatever we discuss in any part of the world, and notably this part of the world in the Southern Cone region of South America.

At present, the most recent event affecting world events, has been the death of Yasser Arafat, the longtime leader of the PLO. His death opens questions about the fate not only of the so-called Middle East, or Southwest Asia, but the world as a whole. And, as you know, Arafat was a fighter, a hard fighter for the Palestinians, against, in particular, the Israelis. Now we are in a situation where we are still trying to get peace between Israelis and Palestinians, a peace which is indispensable for the region of Southwest Asia, which includes Turkey, Armenia, Azerbaijan, Iran, and the Arab states, including Egypt, of course. And what happens there will tend to determine what happens on a global scale.

It's the way history is in the long run, and very much the way history is today. So, to understand this problem we're about to face, we have to start with consideration of that, and what happens in Israel and in the Middle East, on the occasion of the death of Arafat: Whether or not somebody will step forward, now, to bring about an effective peace negotiation between the leadership of Israel and Palestine, will determine very much what happens to every part of the world at large, including in this case Argentina, as it affects the kind of international constellation of forces which will affect the fate of Argentina.

The IMF System Is Finished

Now, our problem is today, as in the late 1920s and early 1930s, is an international cartel of financier oligarchical interests, who are not banks as much as they are controllers of banks, as a kind of Venetian oligarchy. This system, which was known in the 1920s and 1930s and early 1940s, as the Synarchist International, gave us the spread of fascist states across most of continental Europe, and only the intervention of the United States prevented Britain from joining Hitler



The LaRouche Youth Movement organizes in Buenos Aires. LaRouche calls for mobilizing nations by means of their young adults, “as an international force, each patriotic in respect to their own nations, but also allied, in terms of collaboration on a global scale, to attempt to bring the community of nations to agreement on policies.”

during the Spring of 1940. The Roosevelt intervention in the situation, by backing Britain’s resistance to Hitler and by rewarding the Soviet Union and other measures, made possible the rescue of civilization from a nightmare which would otherwise rule the world today.

Now, once again, we have come, as in the 1920s, to a great international monetary-financial crisis, and also an economic crisis. This process, especially since 1971-72, has been crushing the world—the floating-exchange-rate system. It has crushed Argentina, which was once one of the wealthiest countries in the world in terms of standard of living, and we need not detail here what the condition is today. This deterioration of the condition of life in Argentina, as in other countries in South and Central America, as in Mexico since 1982, is a result of the role of this international synarchist financier interest which has been controlling international monetary financial policy thoroughly since that time, and we have been resisting.

Now, we’ve come to the point that that system is finished. Whatever happens, nothing can save the IMF system in its present form. There is no measure, no magic, no method by which the IMF as presently represented, will continue to exist, because the international monetary-financial system is hopelessly bankrupt. It is not bankrupt in the sense that it could be reorganized in its present form. The only thing that *could* happen with the IMF, would be that governments, a concert of governments, put the IMF and related banking systems, central banking systems, into receivership, for reorganization of these banking institutions.

Now, what would have to be done at that point, is of course

what Franklin Roosevelt did in the United States in March of 1933 and thereafter. Remember, our Constitution in the United States, as little as it is observed now by the present government of the United States, nonetheless makes the United States unique among republics, in that our Constitution provides for the non-existence of any central banking system, even though we have had some snuck in here and there, like the Federal Reserve System. Under our Constitution, only the Federal government has the power to create currency. The Federal government is responsible to manage currency and credit on behalf of the nation. And the government is compelled by its Constitution, by the Preamble of the Constitution, to use its power, including the power over the currency, to defend the absolute sovereignty of the nation as a republic, to defend the general welfare of all of the people, and to defend both the sovereignty and the general welfare at present, for future generations, for posterity. Roosevelt did that.

Presently, that’s what we have to do. All nations around the world, the entire system is about to go under. We are on the verge of a greater depression than Western European civilization has known since the 14th-Century Dark Age. This is much worse than the depression of the 1930s, and it’s coming on fast and can not be prevented now. The only way the effects of the crash can be prevented is by the intervention of a concert of sovereign governments, to put the international monetary-financial system into reorganization.

You see what is happening now. The case of Argentina: The demand of the bankers, including the IMF, is to impose upon the people and nation of Argentina, conditions which



The synarchist financiers crushed Argentina, which was once one of the wealthiest countries in the world in terms of standard of living. Here, residents of Buenos Aires scavenge for food in piles of garbage.

amount to genocide, to turn all of Argentina into a vast concentration camp, and to squeeze Argentina's people and resources for what the country no longer has. It no longer has the means for payment of these debts, and therefore, to proceed with these would be a Hitler-like, or worse, genocide against the nation and people of Argentina. The same thing threatens South America and Central America as a whole. It also threatens other parts of the world.

The Question of Competent Leadership

So therefore, we have come, at the time of Arafat's death, to a point of crisis, a turning point. We've now had a recent election in the United States. The election is not concluded. George Bush is not yet the re-elected President of the United States. The process has to go through the Electoral College, and several things could happen during the course of the proceedings through the Electoral College, including the effects of the present examination of the way the election was conducted, and what the results are. Also, if the Electoral College can not resolve the differences, then the matter goes by our Constitution into the Congress, which has to take over, when the Electoral College has failed, in choosing a President and Vice President of the United States.

But, under the putative new President of the United States and the presently incumbent President, there's no indication of any policy which will prevent the conclusion of the worst financial collapse in world history. That's where we're headed.

Therefore, the question is to find leadership in this difficult

time, to lead nations in putting this financial system through reorganization, to restore something similar, on a world scale, to what was established at Bretton Woods by Franklin Roosevelt, in 1944: to establish a new world monetary system of fixed exchange rates, a new system of credit, and a mobilization of credit to rebuild the economies of the world. We can do that. That will work. Physically it's feasible.

The question is, which way are we going? If we go the way of the present Bush Administration policies, the present policies of the European countries—Western and Central European countries—the policies of the IMF, then humanity is going to plunge into a dark age. The question is, whence comes the leadership, and the will to bring nations together, to force the necessary change in international as well as national institutions, required for people to survive? Our objective can be no more nor no less immediately, than ensuring nations the rights they had prior to the onset of this crisis, prior to 1971-72 in terms of rights, the rights to rebuild their economies by that standard, that yardstick of performance. We must ally to that end, among ourselves. We must agree to that. We must find governmental and other influential forces which can induce governments to make the kinds of decisions we require for them.

Do not believe that, even if Bush is confirmed, the present policies of the Bush Administration will go forward. This is not the end of things. This is not the end of time, the fact that Bush might be elected again. Because Bush faces problems. The United States is bankrupt. The housing system, the mortgage system of the United States, like that of the United King-

dom, is bankrupt, is ready to blow. The United States has a current account deficit. It's bankrupt.

The price of petroleum is now around \$50 a barrel, internationally, headed toward \$100 a barrel. Soon, that increased price of petroleum will hit every part of the consumer sector of the economies of the world. We have a vast speculation in raw materials, a speculation which is concentrated in the United States, in Western and Central Europe, in a different way in Russia, and China is not a holder of raw materials, but it is the biggest bidder for raw materials on the world today, as you see in neighboring Brazil, where China has shown a great interest in Brazil, and also more recently, China has now shown a similar interest in Argentina. So, the world is dominated by great raw materials cartels, buyers and sellers, in a crashing system.

But, generally, in Europe and elsewhere, there is no concern for rebuilding the economy in the sense of the productive powers of labor and the general welfare of populations.

So, this government of Bush is going to face that. The European governments are going to face that. Their banking systems, the banking system of the United States, the banking system of Western Europe, is hopelessly bankrupt. It can not be saved in its present form. It can not be reorganized in its present form, in its own terms. Only government intervention, to put the banking system through drastic reorganization, in bankruptcy, in order to protect the population, to maintain the continuity of essential physical economic functions, can save the system.

We have to bring about a condition under which governments will make that—and the U.S. government, among others, is going to face the challenge of this crisis. You're going to see upheavals in the U.S. government, whoever is the government. It can not be avoided. This is a very dangerous period, a period in which wars and revolution can spread—generally, asymmetric warfare, planet-wide.

Defeat Anglo-Dutch Liberalism

There is a solution. The solution is essentially a concept. It's the concept on which the United States was founded, at a time that the situation was seemingly hopeless. In 1763, the Anglo-Dutch liberal system, at a treaty in Paris, in February, had established the British Empire as a fact. That is, the empire of the British East India Company. The situation for Europe was then almost hopeless. This empire was about to gobble up everything, including the remains of the Hapsburg Empire. But some in Europe supported the cause of the United States, in particular, and they also supported people in various parts of South America, as in Colombia and other states of the Americas, in the hope of building republics in this hemisphere, with the hope that such republics would make a reform in international affairs, which would lead in return to the establishment of true republics in Europe as well as in the Americas.

The United States was the first and only successful effort,

but the French Revolution, which was organized by the British East India Company, prevented France from making the change which Lafayette, Bailly, and others, wanted to make, to make a constitutional monarchy modelled on the same principles as the recent U.S. Constitution. That did not happen. Hell broke out, and Europe has not had a true republic as a government ever since. We had approximations under Charles de Gaulle at a certain period—the high point of the Fifth Republic, a serious effort of building France as a true republic. We've had desires in that direction in other countries. But today, the United States remains the only nation with that kind of constitution, even though we abuse it.

The time has come, when we of this planet, realize we can not continue to have wars, of the types of wars we have now. We can not resolve the problems of humanity by going to aggressive war. We can not resolve these problems by going in with military force, to try to change governments or social systems by force. We must now return to the principles of the 1648 Treaty of Westphalia, to establish a system throughout the world of perfectly sovereign nation-states, committed to the principle of promoting the general welfare, the sovereignty of nations, the welfare of their peoples, peace among nations, and cooperation for posterity. Because we can not fight wars anymore, the way we used to. Nuclear weapons and the terrible effects of asymmetric war today, are such that a general warfare would mean the extinction of civilization on this planet. Therefore, we must find a peaceful solution.

It does not mean we give up defense. But defensive warfare is far different from the kind of aggressive war which Vice President Cheney, for example, has been pushing in recent periods. *We must end aggressive war on this planet forever.* We must bring about conditions where peace is expected, where peace is the exit strategy for all conflict, and where just solutions are proposed. And thus, while we don't know definitely what will happen in the future—we don't know what will come out of this period because we don't have the governments in place who are presently committed to the right ends.

But we have a great crisis, in which governments which have failed are going to be put to the test, in which the will of the people can intervene effectively. And if it intervenes amongst a number of countries effectively, we will have changes in the behavior of governments. We will have the opportunity to come out of this crisis alive. That's the condition we face. The development of a system of fraternity among sovereign nation-states, the promotion of the existence of sovereign nation-states, and the promotion of economic progress and technological progress throughout the planet, these are the objectives around which we must mobilize.

If I were President, or had been elected President, I could promise you great things. I've not been elected President, obviously, and am not about to be elected President within the near future. That's obvious. But my objectives are still valid; I have been a part of the Democratic Party's campaign

for seeking the Presidency. We will continue on the course we're working out, and we will hopefully make a contribution to this process.

So, I can not promise you anything, except my dedication and the dedication of people like me, to the kinds of ideas I represent. But I can say, we do have a chance. There's always a chance for humanity. And there's nothing worth doing, except fighting to build that chance for humanity. Any other choice of action would be foolishness. Thank you.

Dialogue With LaRouche

Moderator: We now continue with the second part of this conference, which are the questions we'd like to ask Mr. Lyndon LaRouche. Would anyone present here in Rosario like to ask a question?

Tumult Follows the U.S. Elections

Q: Well, the first question, which is *de rigueur*: In light of the fact that just a few days ago the elections in the United States were held, the million-dollar question is, what future awaits us, as a result of the outcome?

LaRouche: What awaits us is dangerous uncertainty, a period of very dangerous uncertainty. Remember, the inauguration occurs on the 20th of January. We now have the better part of three months in which to await the actual inauguration of the new President. In the meantime, there's great uncertainty within this Presidency, and there is a tumultuous process, political process, now ongoing inside the United States, in particular. Also in Europe. But, the first few days following the completion of the election on Nov. 2, was a period in which people suddenly let down. There was confusion; there was confusion in the states of mind of people. Now, in the past several days, that confusion is waning away, and I've been able to play a significant part inside the United States, among these institutions, in helping to bring an end to the confusion.

We are now in the process of mobilizing within the Democratic Party, an effective way of dealing with the prospect of the election of Bush, his inauguration in January. We also have a large number of Republicans, and the Republicans who do not like what the Bush Administration has represented, but supported the Republican Presidential candidacy nonetheless. They are now very upset. There's going to be tumult in the U.S. political process. There's the danger that the Bush Administration may launch new wars, like the escalation presently at Fallujah, to try to compensate for the internal political crisis inside the United States, and also in Europe. The crises that face the Bush Administration, especially the economic crisis—remember, the economic crisis is coming on fast, right now. The United States is on the edge of a general collapse. How long this general collapse can be postponed is not certain, because this involves subjective factors as well as objec-

tive ones, but the preconditions for a general chain-reaction collapse of the international financial monetary system, exist right now. And that is the predominant fact.

We have all the particular crises, which are going to have a political effect. We have the growing sense of dangers of new kinds of epidemics, disease epidemics, which may be worse than those we've had in recent times, and a sense of no preparation for dealing with them. We have a sense of all of these kinds of problems. And also possible new wars.

For example, we have the case that I mentioned earlier, of Arafat's death. There is a man in Israeli prison, who if Sharon wanted to, and if the United States would press Sharon to do it, could be pulled out of prison as a negotiating partner with Sharon, for bringing about, or negotiating, some kind of peace between the Palestinians and Israelis. If they did agree to any acceptable terms, that would in a sense bring the crisis in the entire Southwest Asia into some kind of order. We are obviously going to work for that. Even while Bush is President, we're going to work for that, because the reality of circumstances is going to push many inside the Bush Administration, as well as the Democratic Party, to seek to bring about that reconciliation, long-awaited, now.

And so the death of Arafat, as I said at the beginning of my remarks today, the death of Arafat is a turning point in history. It's a point at which decisions are forced upon the world, postponed decisions, about the question of the prospect of peace in Southwest Asia as a whole. You can't talk about Iraq without talking about Israel/Palestine. You can't talk about Turkey, without talking about Israeli/Palestinian relations, or about Iran, or about Egypt, or about Darfur in Sudan. You can't talk about any of these areas, without talking about the death of Arafat, and what that poses. It's a chain-reaction situation. So there's the element of uncertainty.

What we do know is, we're going into a crisis; that nothing is fixed, nothing is certain, except the circumstances of crisis. That we will have opportunities to influence the process; we're not just screaming in the wilderness. We in the United States who are determined to do something, are determined to do something. We are the most powerful nation in this world politically, if not as much in other respects as we think we are. But if we make important decisions, among a significant part of our political establishment, those decisions will affect the world. If those decisions are good ones, they will affect the world beneficially. And all I can promise you is that, those of us in the United States who are part of that effort, if we succeed, we will bring about a beneficial change in the present trends in world affairs. . . .

Argentina's Future Is With the Youth

Moderator: We are now ready for a question from Buenos Aires.

Q: Good evening. I would like to ask you, what do we Argentines face? What can we do in light of this situation? And what type of arrangements do you think there should be

with Brazil? Should we have a free trade agreement, or the other kinds of agreements which are being established?

LaRouche: What we have to do is recognize the nature of power in the world. And, also recognize that global solutions, as such, will not work.

To bring about stable government requires sovereign government; a sovereign government in which the people of a nation participate consciously in shaping the thinking of the nation, and the policies of the nation. For example, some of you are in universities. You know that ideas involve the use of language, the use of the ironies of the language, of the culture; and therefore, in discussing ideas among yourselves, that only those who are participating in the characteristic ironies of the language and the culture, can really come to an agreement in intention on matters of principle, as opposed to bargaining over bones.

Therefore, we must maintain the system of perfectly sovereign nation-state republics. But then, we must have a means by which the force of interest of sovereign nation-state republics, can be brought to bear on the world situation in an efficient way. That method is not the United Nations as such, though the United Nations may be a convenient vehicle for bringing about certain kinds of agreements, as López Portillo, the President of Mexico, attempted to do, unsuccessfully, in the Autumn of 1982.

But, what's more important, in my view, today: I have a growing international youth movement, which represents people largely in the college age group of 18 to 25 years of age. These are people who are young adults who, under happy conditions, would expect 40 to 50 years of future life before them, who are now saying to their parents' generation and to their nation: "You have given us a society which has no future. We want a future!"

This is a common aspiration among youth of that category that I work with in various parts of the world, in various parts of Europe, in Mexico, and so forth. Youth of the world that we are in contact with, all express this same thing, the 18 to 25 age group, those who have not given up, those who still have optimism about life, say: "We have been given a system, a world system, a national system, which has no future. We, with 40 to 50 years of life before us, see ourselves in a society with no future. We want a future! We want to turn to our parents' generation and say, 'Let us build a future. Let us provide for the grandchildren that we are going to have. Let's ensure a future. Let's have a meaning in life. Let's stop this running into pleasure-seeking without purpose and without meaning.' "

Therefore, my view is to mobilize nations, or within nations, the forces of conscience which are represented by youth in that category, say the 18 to 25, college-eligible youth, as an international force, each patriotic in respect to their own nations, but also allied, in terms of collaboration on a global scale, to attempt to bring the community of nations to agreement on policies.



The LaRouche Youth Movement in Argentina. LaRouche called the LYM "a ragged elite." They are "the future rulers of the world, in rags, as an elite of youth. They are mastering the fundamentals of physical science. They are mastering culture."

At present, the United States is the dominant power in the world. Not that its behavior entitles it to be that, nor is it the most productive nation in the world. It is now a great parasite nation, sucking the blood of the poor of the world. But, it has a powerful position. To make peaceful decisions now, in favor of any or all parts of the world, we must induce the consent of the United States government. Europe is incapable of generating that kind of leadership, presently. No one in Europe can do it. They can *contribute* to this, but they can not initiate it effectively, unless the United States is drawn into it.

Therefore, my purpose is to draw the United States into that. But, not to say to people in countries such as Argentina, you are not important. You are extremely important! Because what we must work toward, in the very near future, is a system of comprehensive agreements among sovereign nation-states about a new world economic order among nation-states. An order which is based on the best aspects of the old Bretton Woods system. An order which enables the nations to recover, and to rebuild, in the way they had hoped that they had the right to rebuild in earlier times. We need to bring to bear

the conscience of the world on this, and that means that any movement, especially among youth, as part of the political process in every country, should be considered an effective force on the international conscience, including the conscience of the United States itself, directly.

My attempt has been to draw the attention to the will and desires of this generation of youth from all parts of the world, upon the youth in the United States and institutions in the United States. This was my leading effort in the recent election campaign in the United States. I think we must have an

Argentina is one of the front battlelines of a world struggle for humanity against this class of predators. How Argentina should respond to that, is a practical, strategic question. The moral question, to me, is clear. The debt collection proposals are wrong, unjust, and criminal; because they will kill people in Argentina. And human life comes first. The problem is a matter of power. Where do we find the power to successfully impose justice on this situation?

international organization of understanding among ourselves. That we look at our young people, our young adults, those largely of the age of many of you, 18 to 25, should be in universities or equivalent education, should be the people who are going to contribute to leading the future of the nation 25 years from now and beyond, and to bring a force of conscience, for you as young adults, for example, looking at the world at large; turn to your parents' generation and others and say, "Let us work together to give the world a future and our nation a future."

And that's what we need. We need an international force of conscience which will ensure that reasonable agreements, prepared and submitted to nations, will find support among those nations. Because what we must have, in my opinion, we must have a new version of the 1648 Treaty of Westphalia, not only for peace and for natural rights among the people of nations, but we must have a new kind of Treaty of Westphalia which says, we uphold, as absolute, the right to the perfect sovereignty of nations. And to the rights of the people in those nations. We have come to a time when war must be abjured, though defense, if necessary, is not outlawed. But we must

seek an end to war. We must seek an exit strategy from the times of war, into a time of cooperation, in which the differences among nations, those differences which pertain to the cultural development of a nation, to its personal sense of sovereignty, those differences become a source of strength to the world, rather than the basis for a principle of conflict. That's our chance, I think, at this time. I think that idea can win, and certainly, it must win.

The Foreign Debt: A Question of Power

Moderator: Is there another question here in Rosario?

Q: There is a question still posed here in Argentina, which has not been fully clarified, which is the issue of the foreign debt. Although certain basic arrangements are under way, this has not been fully resolved. Unquestionably, in the composition of the Argentine debt there are legitimate elements and there are also illegitimate elements. Lamentably, our Federal Congress, which is the body which should have intervened in this whole process of validating the debt, because our national Constitution states so, expressly, has not yet done this. What do you think, Mr. LaRouche, our approach should be in that regard, given the situation we find ourselves in?

LaRouche: With the evolution of the government during this period of crisis, by several governments in Argentina in this period of crisis, that the debt is largely illegitimate in the first place. And the condition of collection of debt imposed, especially by the so-called vulture funds and their advocates in the IMF system, is not only unjust, but it is pure usury. It is against natural law. No Christian, for example, could accept those terms of collection which are demanded by the vulture funds and by their agents, such as the representative of the IMF.

Now the problem is simply a question of will and power. The impulse of the Argentine institutions has been predominantly to say, the debt is second, the nation and people of Argentina are first; that what would normally occur is, you would declare the debt to be in bankruptcy, in receivership. And you would say, well, we will look at the debt piecemeal, through an administrative process, first of all, to determine which debt is legitimate. And, of the debt which may be legitimate, which is urgent. And you would set up a schedule, a program of retiring the debt. The debt which is debatable would be frozen, or cancelled.

For example, financial derivatives debt, which has no basis in actual benefit for the borrower, is, essentially, side-bets; is gambling bets like side-bets on a horse at a race track. It's not a bet on the horse, it's a bet on the bettor. Therefore, such debts should be automatically cancelled.

The problem is that the international derivatives trade is the largest part of the international financial system today. And, therefore, if you decide to cancel the derivatives system, you are going to collapse the whole system, because the system without the derivatives would collapse immediately. The

system with the derivatives, is about to blow up.

So, therefore, the question is one of power. The problem Argentina faces: Is Argentina capable of going to *war* to defend itself against the constellation of physical forces, which will be brought against Argentina, in totally resisting the debt? That's the problem that the government of Argentina faces. Therefore, we need a clear understanding of what is right and what is wrong. We can not *change* that. We should not change that. If the debt is wrong, if the debt is unjust, if the collection is unjust, we must say so. If we have to submit at the point of a gun, if they are going to rob us, we may have to submit. But, we will still not say that the debt is legitimate. And, at some future time, when we have the power, we will ask people to correct that mistake.

In the meantime, our hope depends upon mobilizing friends who, as a matter of conscience and self-interest, from other parts of the world, recognize that what is being done to Argentina today, is what is on the way to be done to France and Germany right now, and, under the new administration under Bush, if he does as he proposes with Social Security, for example, his so-called privatization of Social Security, it's going to be done to the people of the United States too.

So, therefore, Argentina, on this issue, is one of the front battlelines of a world struggle for humanity against this class of predators. How Argentina should respond to that, is a practical, strategic question. The moral question, to me, is clear. The debt collection proposals are wrong, unjust, and criminal; because they will *kill* people in Argentina. And human life comes first. The problem is a matter of power. Where do we find the power to successfully impose justice on this situation? And, therefore, we have to broaden the consciousness and struggle against this kind of abuse.

But we must never give up our honor. We must never force ourselves to say that something that is evil, is true; that something that is unjust, is just. We must say, "This is unjust. You are able to impose it upon us, you impose it upon us. Not of our will, but yours." . . .

Economic Destruction of South America

Q: I have two questions. I'd like to know your view of what is happening here in Latin America with governments such as [President Hugo] Chávez in Venezuela, which increasingly has relations with Cuba, which has been facing an economic blockade from the United States for 50 years or so. Also, the situation in Bolivia. The victory of the Broad Front in Uruguay with Tabaré Vázquez. And also the situation here in Argentina. That is one question.

The other question is, if you try to generate these currents, based on the youth that goes to the universities, here in Argentina, and I'm sure in Brazil and in a large part of Latin America, the youth that go to the universities are very few. In fact, if very few people even finish high school or middle school, if we are to generate a change, can we really target a sector which is so small?

LaRouche: Very clear. In the case of Chávez, you are talking about a blockade in a country which has an oil wealth reserve, relatively speaking, which other countries don't have. And the oil reserve of Venezuela is very significant in the Chávez phenomenon and in the special situation of Chávez.

What we have, as you said, all through the economy, we have these situations. Now, I know personally, from my experience, that what happened to Argentina, there was a determination in 1982 to *destroy* Argentina. I know it personally. I fought in the attempt to prevent it. Obviously, I was not successful. But I developed friends in Argentina, and elsewhere, in the course of defending it. The same year, 1982, there was a determination to destroy Mexico. The destruction which I had feared and which López Portillo, the President of Mexico, fought against—we were defeated. But then, the cause still exists. And I'm still part of the cause, as in the case of Argentina. . . .

There was an effort when the President of Peru, Fujimori, went to a meeting in the continent and gave a speech, and the speech was an excellent speech, an excellent proposal for a system of cooperation among the states of South America, or some of the states of South America, based on Brazil, Argentina, and Uruguay and so forth; a very good idea. And he was immediately—from the United States, a coup was run against him, with the aid of some drug pushers, to get him out. And he's now in Japan.

The case of Bolivia, it's a related case. Now, Bolivia, you have a large farming population, and they are now growing coca. Why are they growing coca? Because that's the only crop they can sell. Are the peasants for pushing coca, cocaine? No. They need money. They need to live. And, if the United States were intelligent, which it is not, sometimes, we would have moved in and provided the government of Bolivia with cooperation in developing alternative crops.

Because, the peasant of Bolivia is not interested in the coca, not in that way. But he wants to live, he wants to raise a family. He needs income. So, therefore, if we cooperate to give the people of Bolivia the chance for alternative means for a healthy economy, it would be possible, as it was done recently, before then, to mobilize the people of Bolivia to free themselves of the grip of the drug mafia. But, the United States did not.

Why? Because, some people in the United States, who are very powerful, like drugs. They like the cocaine, which is produced cheaply in South America, which is then, with other drugs, marketed on the world market at a great profit, to financier interests; like the former head of the New York Stock Exchange, who made a deal with the Colombian drug pushers, for profit. For the profit made on the elevated price of cocaine, and so forth, when it is shipped into the United States, into the world market. And the same thing is being done today to Bolivia.

These are things which, I think, we can all know. They



Peasants in Bolivia. Much of Bolivia's large agricultural population has been driven to growing coca—not because they want to push cocaine, but because they need to live. "If the United States were intelligent, which it is not, sometimes, we would have moved in and provided the government of Bolivia with cooperation in developing alternative crops."

are historic facts. Those who are of my age, or somewhat younger, who lived through some of these experiences of 1982, know these things first hand. Because we were engaged in a fight to defend Argentina and Mexico, and other countries, against what has happened to them since then, for the past 20 years.

So, how do we prevent that? Well, these things were not accidental. They were done by a very definite, international, financier interest. When we fought against these things, we were fighting against that financier interest, which includes the Bank of Scotland, the Bank of Santander in Spain, which is a partner and practically a member of the Bank of Scotland and Coutts, the British Royal Family's institution. These are the kinds of institutions of international power which determine these kinds of policies.

Very simply, put it this way: The problem of European civilization, since about 1000 A.D., about the time that the Venetian oligarchy, the financier oligarchy, made a long-term treaty with the Norman chivalry, Europe and European civilization have been menaced and dominated by a Venetian type of financier interest, which has acted in an imperial way, after reincarnating itself with Dutch and English identities, has continued the same policies. So, today, the world is dominated by a financier oligarchy, family financier oligarchs, who, as a concert of action, dominate governments.

The peculiarity of the Constitution of the United States is that it prohibits that kind of control, though we do *have* that kind of control over much of the policy of the United States. But it is outlawed by our Constitution, even though we do

not defend our Constitution in that respect. The problem in the world is, we do not recognize that we are living within an empire. The name of the world empire is the Anglo-Dutch Liberal System. The Anglo-Dutch Liberal System is a system of Venetian-style, financier oligarchy, where concerts of family banks, of family financial institutions, which control great banks, and which control governments, and which control political parties, are able to, from behind the scenes, impose their policies on the world. And that's what they've done.

The policy under which Argentina was destroyed—and it was largely destroyed, as many of you know, in 1982 and afterward; it was destroyed because it was determined that—two things were determined. First of all, as you know, in Argentina—in Patagonia and elsewhere—Argentina has tremendous potential for growth and development in its natural resources. The development of the under-developed parts of Argentina would make the basis for one of the great powers of the planet. And the determination was to stop that. A similar, different operation, but similar in effect, was done in Brazil. The same

thing was done in Peru. A similar thing was done in Colombia. A similar thing is being done now in Venezuela.

So these powers, which have the interests expressed by Henry Kissinger in 1975 in his National Security Study Memorandum 200; the perspective of this oligarchy, this financier oligarchy, is to get control of the raw materials of the world, the primary raw materials, including petroleum. And you have the syndicates in the United States, in the United Kingdom, as well as in other parts of Western Europe. A different kind of situation in Russia, which is sitting on top of a vast amount of resources. The resources of Africa, which the Anglo-Americans control, and petroleum and so forth.

So, what you have is a great syndicate of raw materials cartels, which are the same thing as financier, speculation cartels: They are dominating the world. They are determined to hoard the future of the raw materials of the world, and to prevent the populations of the world from controlling the raw materials in their own countries. And that's what's happened. It's laid down by Kissinger clearly, but Kissinger's not the author of the policy; he was just an articulator of the policy. But that is the policy that we are under today. That is the policy under which Argentina was crushed in 1982, under which all of the countries in Central and South America, except Chile so far, have been more or less crushed, to the present day. That's our problem.

The Youth Movement: A 'Ragged Elite'

Now, what about this conscience question? What we have to do, and what I am doing with the youth movement I am

developing, is concentrating on precisely this question of consciousness. What I am doing is turning this youth movement, which is the 18 to 25 age group, college age, from all kinds of backgrounds, and turning it into a kind of university on wheels, or on feet. It's a ragged elite. The future rulers of the world, in rags, as an elite of youth. They are mastering the fundamentals of physical science. They are mastering culture. For example, one of the key points in our cultural program is, you take the Bach *Jesu, meine Freude*, and the mastery of the performance of that as a motet, which is one of the features of our program.

So you develop an elite among young people—not an elite of privilege, but an elite of conscience, an elite of knowledge, which understands that the human being, essentially, is not an animal. That the human being has a power of creativity which no animal has, a quality of the individual human being which makes the individual in the likeness of the Creator. And one's consciousness of that, that other human beings are *made* in the likeness of the Creator, in that respect, and that our relations to them and our cooperation with them, must be based on that, is the basis for building up an idea in society which can lead to the promotion and preservation of the kind of society we need. . . .

China's Diplomacy

Q: What is your view of the Chinese investments in Argentina? Do they represent a benefit, or, on the contrary, will there be a new exploitation of our resources?

LaRouche: Look at this from two standpoints. First of all, from the standpoint of China: China is the world's greatest bidder for raw materials in the world today. Now, where are the raw materials? China is bidding on oil sands in Canada. China is bidding on vast resources in Brazil. China recognizes that Argentina has a very large supply of undeveloped raw materials. China will come here, into Argentina, obviously.

The other countries are trying to establish monopolies on raw materials. You have the United States, which is reaching out for monopolies on raw materials. You have Western and Central Europe, including the United Kingdom, grabbing raw materials. Most of the raw materials of Africa are grabbed already by Anglo-American-Dutch interests who've already stolen them, and, are killing as many Africans as possible to prevent the Africans from using up those raw materials.

Russia is a different situation. Russia has a vast concentration of mineral resources in Central and North Asia, which only Russians know how to develop adequately. So Russia is a power, a power in terms of having raw materials which other people would like to steal. China has very few raw materials relative to its population. Therefore China is reaching out toward Central and North Siberia, and reaching out to markets in other parts of the world, to lock up markets from which it can buy what it wants.

Now, China's motivation, in the case of Brazil and Argentina, is obvious. The question is, what should be the attitude of



Argentine President Néstor Kirchner (right) greets Chinese President Hu Jintao in Buenos Aires on Nov. 17. China's recent vigorous diplomacy toward Ibero-America is aimed to secure raw materials for its national development.

Brazil and Argentina to what China is doing? There's nothing wrong with China and Brazil and Argentina trying to get some partnership in cooperation. You in Argentina know it; that, if you can get some kind of productive partnership which would get some income into the situation for you, it would be helpful. If you could have some development of natural resources of Argentina, which exist, in order to raise the level of employment to get some of your people off the streets and into some kind of quality employment, to rebuild the families of Argentina, that would be beneficial.

So, therefore, what we have is the two sides. The recognition of what China is doing in the world context, what that means. At the same time, to recognize what we should do in response to that. We should not reject it.

For example, China may be interested in developing the second Panama Canal, because it wants to get the vast amount of raw materials available from Brazil. And the best way to do that is to have a large-scale, equivalent to a sea-level, functionally, canal through the isthmus of Panama. It's something that Japan was proposing to do some years ago, back in 1984 or so. And thus, to have a more direct, efficient access to the

Atlantic coast of Brazil, which would be very significant. The soybeans, and other growth which China requires, can be done on a very large scale in Brazil. For Brazil, this might be very beneficial, in the sense that large areas of Brazil which are insufficiently developed, might be developed as a result of that stimulus. The same thing might be true of Argentina.

So, I think that what we have to do is to just take a realistic, conscious understanding of what is going on in the world, and decide how we are going to react. And, react in terms of defending our honorable interests in our treaties with our new partners. . . .

Curing Crazy Fundamentalists

Q: Good evening. What is the role played by the pseudo-religious movement called the New Age, in the destruction of the ethical and cultural bases of our civilization?

LaRouche: If you have a section of the population, as we have with our fundamentalists in the United States, who are clinically insane, you have the following picture: You have a section of the U.S. population which no longer believes that it has any functional relationship to government. It therefore will go to medicine men, to magicians, to ask them to intervene magically.

Now, the worst of these are called the Protestant Zionists. The Protestant Zionists, the fundamentalist Zionist, is a very nasty creature. He is the worst of all these pseudo-religious types. He believes that there must be a Battle of Armageddon, and he's going to try to make it happen on time by incantation. He believes that if the Battle of Armageddon occurs, he won't have to pay rent next month. He believes that once Israel is established as a power under his control, that he will kill all the Jews who don't convert. He's an anti-Semite; he's a Zionist anti-Semite. Now, this phenomenon was developed in England during the 17th Century among the British Israelites, so-called, who said, "We are the children of Israel. Therefore, the Jews, who are not the children of Israel, who are fake, we are going to have to kill them."

Now, this crowd—how do you get this kind of crowd? We had in the United States earlier, something like this with the grandfather of Aaron Burr, the traitor, Jonathan Edwards. And this kind of evangelization of telling people they're worthless, they are the most contemptible slime on the planet, but God is going to be merciful with them; if they make a contract with God today, God will give them women, will give them money, will give them all kinds of goodies. Not because he likes them; in fact, he despises them, but because they sign the contract. This is the characteristic of the American Protestant fundamentalist whose disease has spread in other parts of the world.

The characteristic otherwise is, there are people who believe they have no power in society. They don't think of themselves as citizens who are responsible participants in making the decisions of society; they think of themselves as people who are appealing to a secret power, the power of some idiotic

preacher, who's more satanic than anything else. And that's the problem.

My view of the remedy for this, is you don't go around and slaughter them. Some people would think that that's a good idea; I don't. You treat them as idiots, and try to find out who you can save from idiocy.

What we have to do is realize that whenever you, in society, condemn a significant section of the population to a sense of powerlessness in society, where they feel they have no efficient connection to the making of policy, or to the things that control government, they will seek mysterious powers of all kinds. They will join strange cults, strange clubs, anarchist clubs, other kinds of clubs, against society, out of poor hatred against a society which they believe gives them no efficient place in recognition. They will go to these wild religions, for precisely the same reasons.

Therefore, our function is to bring these people in: to bring them into the educational system, to bring them into society, to cause them to *find* themselves as members of society, as efficiently participating members of society. So, that when they have a problem, instead of going someplace and throwing a bomb, or becoming a violence-prone idiot, going out and killing people to try to express their anger, they will go to the institutions of society, and, finding a reasonable ear for their complaint, they find an agency which may not agree with them, which may reject what they say, but will open a dialogue with them, which convinces them that they do have an ear, and they are a part of the influence in the making of the policies of society.

So, this phenomenon is a result, generally, of taking whole sections of society, excluding them from a sense of participation in the society as members of the society. We make them outsiders, and then they go outside reason, to try to find a god or a devil who will give them their pleasure.

Anuart Jarma: Mr. LaRouche and other collaborators who have helped in this video-conference, we want to thank you enormously for your high-level intellectual contribution, which we have received this afternoon. This speech will be reproduced for a large number of students who were unable to come here today, because—this department has about 5,000 students—it coincided with scheduled class time in a period close to final exams. So we will be reproducing the text.

In closing, we want to thank you for your very important intellectual contribution. And, if you would like, what concluding message do you have for these youth who follow you so closely? Again, thank you for your contribution, and we are always at your disposal.

LaRouche: Thank you very much. I would simply say in return, that my affection for your country is enhanced by this experience. The personal contact, which I enjoy richly, and feeling a part of you as your guest on this occasion, makes me happy. And, I would hope that we may benefit from this exchange in the future.

Austerity, Fear Basis For Blair Re-Election

by Mary Burdman

The Queen of England laid out Prime Minister Tony Blair's electoral program in her official speech for the Opening of Parliament Nov. 23. The New Labour election mantras are "security" and "opportunity," euphemisms for the politics of fear, and austerity. Blair has publicly committed himself to early national elections—most likely in May 2005—in his bid for a full third term. Most of the legislation proposed in the Queen's Speech—including for very controversial "counter terrorism" measures—will not get to Parliament before the elections. But New Labour ministers are going all-out with claims that Britain will be "safer from terrorism" under a Labour government. Not coincidentally, the day of the Queen's Speech, Whitehall sources publicized details of an alleged two-year-old Al-Qaeda plot to attack financial centers in London.

"My government recognises that we live in a time of global uncertainty with an increased threat from international terrorism and organised crime. Measures to extend opportunity will be accompanied by legislation to increase security for all," the Queen intoned to Parliament. Her Speech promised to "reform the public services"—meaning completing whatever Margaret Thatcher left undone in her 1980s rampage against the British economy. The Queen also announced the introduction of biometric identity cards for British citizens by 2007 and the creation of the Serious Organised Crime Agency, an FBI-style "super" national force.

The real issue behind all this is not Al-Qaeda threats—police have acknowledged that a Sept. 11-style attack would be very hard to carry out in Britain. Blair's politics of fear recall the situation in July-August 2001, when his government set up an "emergency crisis management" apparatus to deal with national emergencies and disasters. At the time, just prior to the Sept. 11 attacks, there was widespread concern in Britain that the tensions in Southwest Asia and Ibero-America could trigger a big financial crisis.

Warnings of Catastrophe

That is clearly the issue now. British financial commentators warned right after the U.S. elec-

tion that the new Bush Administration was going to be hit hard by economic crisis soon, due to the massive budget and trade deficits, the debt mountain, and the collapsing dollar; barely three weeks later, they were warning of a "downhill dollar disaster" and world "financial catastrophe." City of London sources confirmed to *EIR* after the Nov. 20-21 G-20 meeting, that "there is no solution at hand" for the dollar crisis; the policymakers are "paralyzed." The coming crisis will be a "global phenomenon," another source said, which will hit Britain even sooner than the U.S.

That is certainly likely. Britain is a post-industrial wasteland, kept afloat only by the huge London-centered financial bubble. The few remnants of an economy are being rapidly dismantled by New Labour. Apparently tired of his old quest for a "stakeholder society," Blair is now calling for an "opportunity society," such as the "opportunity" to work at a casino, when your pension fails.

One day after Blair made a big "opportunity society" speech, on Oct. 12, the government Pensions Commission reported a "black hole" in British pension funds, revealing that as many as 13 million workers will not have enough to live on in their retirement. Just two of the reasons for this crisis are the collapse of the stock markets where funds were invested, and that Labour Chancellor Gordon Brown has been "raiding" the pension funds of £5 billion a year to balance his budget.

The pension funds will eventually require a government infusion of £57 billion a year, to maintain pensions at current levels, Commission chairman Adair Turner said, after acknowledging that Britain's pensions system is already one of



Prime Minister Tony Blair's decaying Millennium Dome, a \$1 billion real estate boondoggle in Greenwich, England, is a symbol of the financial bubble, which has been kept afloat even as the physical economy was dismantled by Blair's government.

the least generous in the developed world. The government's claims about private savings for pensions have been "seriously overestimated," Turner said, because these claims excluded over 10 million workers who cannot afford private pension plans. Britain faces measures such as raising the retirement age to 70, and cutting pensions by 30% in the coming decades, Turner warned, now that the "fools' paradise" of over-valued equity markets has ended. Retirees lost a full third of their pension if they retired in 2003 rather than 2000, if the pensions were invested in the stock market, he told BBC.

At the same time, personal bankruptcies hit a record high in England and Wales in the third quarter this year. Personal insolvencies rose to 9,156, up 4% on the previous quarter, and 28.8% on the same period in 2003. Small businesses and the self-employed are also in trouble. Insolvencies in the self-employed sector rose by 130% year-on-year, according to the Department of Trade and Industry Nov. 9.

High oil and metals prices have hit what remains of manufacturing in Britain hard. Output fell by 1.1% in the third quarter, the biggest drop in manufacturing since October 2002. The Confederation of British Industry warned Nov. 1 that the amount enterprises make as a share of U.K. GDP has shown a "marked and worrying" decline since

1997. Director General Digby Jones complained: "We have been through a period of profitless prosperity. . . . With a significant proportion of all corporate profits going to pension funds and insurance companies as shareholders, poor profits mean lower pensions, less tax and fewer schools and hospitals."

The CBI answer? Export more jobs overseas. At the CBI annual conference in Birmingham a week later, Jones announced that within a decade, Britain could have outsourced so many jobs that there would basically be *no* work for low-skilled workers. "Off-shoring is now part and parcel of doing business in the global economy," Jones said. "Make no mistake, this is a survival issue." British enterprises in manufacturing, utilities, finance, the media, and service industries, already have a U.K. workforce of just 750,000 and a global one of 2 million, and this will get more extreme, Jones said. Supposedly, Britons will work in "graduate" jobs, but anyone acquainted with the state of the British education system would dismiss that proposition instantly.

'Unsafe as Houses'

Meanwhile, the British property bubble, the mainstay of New Labour's economy, is going wobbly. House prices are at the highest level to income in 30 years: In the 1990s boom, house prices were 2.5 to 3 times average incomes; now, they are 4.5 times. The warnings are out: The rats are deserting the ship. At the end of September, the IMF's annual review told British house-hunters to "exercise particular caution" and warned of an "abrupt adjustment in the housing market." Bank of England Governor Mervyn King, who has raised interest rates three times in an effort to control the bubble, reported a "slowdown in the housing market is evident in virtually all the indicators."

In October, Britain saw the lowest number of property sales since 1995 and the sharpest decline in house prices since 1992, according to the Royal Institution of Chartered Surveyors (RICS). Sales were down 25% from a year ago, and the worst rate in nine years.

The Casino Caper

But the most telling revelation about the New Labour economy, was the "super casino" bill.

On Oct. 13, Labour Culture Secretary Tessa Jowell introduced the government's so-called reform of gambling—to bring U.S.-style super casinos to Britain. This outrage is the first change of gambling in Britain since the 1960s. The government wanted the new regulations to be implemented by next Spring—in time for the elections—but opposition has been so strong that Jowell has already had to retreat.

The bill will allow casinos to be open 24 hours a day, including on Christmas Day; they would no longer have to be built in restricted areas; current rules requiring a 24-hour "joining period" will be dropped; the biggest casinos will

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- that the Founding Fathers promoted partnership between private industry and central government?

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‘Eurasian Youth Initiative’ in Moscow

by Andrei Andryushkov

A Eurasian Youth Initiative conference took place Oct. 8 in Moscow. Sponsored by the Moscow Academy for Culture and Educational Development (MAKRO), the Science Dialogue Center for Continuing Education, and the Schiller Institute, the event was attended by Moscow high school and university students, as well as representatives from the State Duma (lower house of Parliament), the Kremlin staff, and Russian and Chinese scientific circles.

The topic of the conference, designed to involve the students in a discussion of the current world situation and prospects for Eurasian development, was chosen in order to address the tensions in the world today, especially at various places in Eurasia. The Russian political elite, unfortunately, has little sense of the need for Russia to determine its policy and position itself strategically in this situation, and Russian youth are not involved in the process of understanding what is going on. The conference was a first attempt to raise the level of recognition of these questions on the part of the younger generation.

In many respects, this attempt was inspired by the activity of the LaRouche Youth Movement and the participation of three Russian youths, including this author, in the September 2004 European Schiller Institute conference in Germany, “A Turning Point in History.” The Moscow conference organizers also wanted to take up the problem of defining organizational forms for the inclusion of Russian youth in the process of active self-determination for the future of Russia and the world as a whole.

The main speakers were Gen. Leonid G. Ivashov, president of the Academy for Geopolitical Problems (and former chief of the International Affairs department of the Russian Ministry of Defense); MAKRO director Prof. Yuri Gromyko; and Karl-Michael Vitt from the Schiller Institute in Germany.

In introductory remarks, Dr. Nina V. Gromyko cited Bush Administration plans for stepping up military and economic pressure on Syria. That update placed the conference participants in the real context of the world today, in which Eurasian youth initiatives are needed.

General Ivashov analyzed the world situation and the possible course of events in Russia and Eurasia. According to

be allowed to give unlimited jackpots; and the casinos would be allowed to advertise. Labour is offering the sop that there will be stronger policing of gambling, including on the internet, under the new law.

The real issue is that some of the new “regional casinos” will be built in run-down inner cities. The British government is predicting that expenditure on gambling will increase by 40%-45%, to up to £12.5 billion a year by the time the new bill would come into force, and these funds would be taxable. Britain already has 131 casinos, second only to France in Europe; the government projected another 20-40 casinos. Many would be financed by U.S. gambling interests, which project some £3 billion in revenue from Britain.

The Times of London reported Oct. 13 that a Labour Party memo told Members of Parliament (MPs) that many of the new casinos would be opened up in such formerly industrial cities as Birmingham, Northampton, Sunderland, Nottingham, and Margate, and would bring “jobs, investment, and regeneration opportunities” to these places, to the “benefit” of Labour MPs. The memo stated that “Parliamentary Labour Party members should bear in mind that some of the towns and cities that want to use a casino as part of a broader leisure, tourism, and regeneration strategy are key Labour seats.”

Reaction was intense. By Nov. 1, Tessa Jowell had to say on a radio interview that she would be willing to take a “more gradual approach” to introducing the new casinos, because of dissent in Parliament among back bench Labour Party MPs, Tories, and Liberal Democrats, who had said that they would try to get the “super casinos” limited to a “pilot project.” While the bill got through the House of Commons Nov. 2, Labour won only by 74 votes, despite its official 159-vote majority. There were many abstentions: only 286 Labour MPs out of the total of 407 in Parliament supported it. The bill still has to go through committee, and there should be a lot of opposition during the “line-by-line” discussion.

Former Labour health secretary Frank Dobson questioned why a Labour Government would let American gambling interests—associated in everyone’s mind with organized crime, money laundering, drugs, and prostitution—to set up casinos in Britain.

Jowell had to admit her surprise at the “level of fury” over the proposals, and that there had been a “massive backlash.” By Nov. 15, she told a meeting of the Parliamentary Labour Party that the number of new “super casinos” would be limited to eight “pilot schemes.” Both Houses of Parliament would have to approve more casino “development,” and if the “pilot” casinos increase problem gambling, or do not bring about “economic regeneration,” this would “count against future developments.” Blair will have to come up with something else to keep the British economy afloat this Winter!

him, the main characteristic of the modern world is the destruction of the international system, built up after World War II. "As a result of the collapse of the Soviet Union," he said, "it is as if the world were standing on one leg, and leaning in different directions." The basic process of destruction is taking place at the spiritual level, more than the political, said General Ivashov. He sees the modern tragedy of mankind as an aggravation of struggle between the opportunities of nature and the growing needs of mankind.

Ivashov sees twin threats, in global U.S. military and economic expansion, and domination by "virtual" international financial capital. Both forms are mortally dangerous for Russia, he said, necessitating a counterbalance of global forces. For Russia, a unique conclusion would be the need to form a geopolitical continental bloc or union, based on Russia, India, China, and Iran, the key states of Eurasia. The primary goal of such a bloc would not be war against the U.S.A. or some other country, but a fight for the civilizational identity of all Eurasian countries, which aspire to spirituality but not materialism.

Therefore, Russia now faces an essential choice, Ivashov warned: "Either we shall pursue further leadership in the world by cultivating oligarchies, or we shall develop the moral and spiritual side of things, and concentrate on education, science, and the development of new technologies, on returning to our moral values of collectivism and mutual support." Unfortunately, he said, the Russian government has not yet decided how it wants to develop the country.

General Ivashov is one of the leading people who has developed a new continental approach in Russia, connected with an alliance of Russia with Iran, India, and China. The implementation of this approach was undertaken by Prime Minister Yevgeni Primakov's government in 1998-99.

Groups Interested in Instability

Yuri Gromyko noted that when discussing "youth initiatives" or building other units of action, it should be remembered that "there are groups interested in constantly increasing instability." That is because under conditions of instability, few people are able to discuss basic scientific breakthroughs, or address the cultural basis and principles of spirituality on which Eurasia was constructed. Gromyko talked about possible forms of cooperation among Eurasian countries. He complained that Russia so far does not have an Asian doctrine, without which it is impossible to solve the major problems of Eurasia.

Gromyko identified four economic versions of an Asian doctrine for Russia: providing resources for Eurasian nations, above all China; industrialization of Russia's own Far East; development of the service economy in the Asian region; and, the preferable scenario from the speaker's standpoint, joint innovation-based economic development of the region's countries, on the basis of Russian fundamental science.

Thus Gromyko emphasized, that developing Russia's

Eurasian orientation does not mean radical anti-Americanism. Moreover, according to Gromyko, "the development of global aims and scenarios for Eurasian interaction based on anti-Americanism is very dangerous today, and is not constructive."

Gromyko cited breakthrough programs as a determining condition for Eurasian development. The ability to implement such programs, however, he linked with the question of whether or not Russia is capable of offering development scenarios for all of Eurasia. It is obvious, that such scenarios should take into account the different civilizations and values of the multi-thousand-year cultures, religious confessions, and different ethnicities in Eurasia.

The involvement of youth in the development of such scenarios, Gromyko sees as the basic process through which a "Eurasian generation" will be formed. Decisions on specific goals and scenarios requires civilization-to-civilization synergy, when cooperation of different people is supported through the interaction of their energies and interests. "To develop such synergy," Gromyko concluded, "it takes young people who have a good understanding of the socio-cultural conditions of their countries and can engage in dialogue about breakthrough scenarios for Eurasian development."

Vitt reported about the LaRouche Youth Movement (LYM) and its latest actions in Germany. The Russian youth were struck by the LYM's musical method of social action. The three who took part in the Schiller Institute conference in Germany, have been discussing the applicability of this method in Russia.

The LaRouche movement, Vitt said, turns to historical examples of ideas and cultural action. Russia, for example, has the foreign and economic policy, carried out by S.Yu. Witte in the late 19th Century. Citing the experience of the Schiller Institute, Vitt offered the following principle: "How is it possible to find in another culture something universal, that I then can use and somehow apply to my own culture?" or vice versa.

Dmitri Rylov, Konstantin Fursov, and Andrei Andryushkov, who had been at the conference in Germany, made presentations. Further discussion revealed some ambiguities concerning the current situation of Russian youth and how to mobilize them. But the group of students supported an initiative to organize a Eurasian Youth Club, which could bring together students and youth from the Eurasian national diaspora communities in Moscow, to discuss the prospects for Eurasian development.

An initiative group is now designing a website for this youth club, and is making up a program of meetings with key people who have a Eurasian outlook. Conference participants agreed on the need to organize an international camp next year, with participation from LYM representatives. It would be devoted to intercultural and intercivilizational dialogue in Eurasia and projects for the development of Eurasia.

West Behind Rebels in Raw Materials Grab

by Uwe Friesecke

The rebel movements in Sierra Leone illegally marketed diamonds; in Liberia, diamonds, rubber, and timber. In Ivory Coast, the source of wealth is predominantly cocoa, of which the country is still the largest producer in the world. Here, both sides—the rebels, called the New Forces, led by Guillaume Soro, and the government of Laurent Gbagbo and its militias—are involved in these illegal schemes. Suddenly, Burkina Faso has become an exporter of cocoa, even though it does not produce it. The Ivorian rebels are the source of it, but also, the Gbagbo government uses proceeds from the sale of cocoa to buy weapons through illegal business channels to supply the network of government-sponsored militias. The purchasers in these shady deals for cocoa, timber, or, in the northern, rebel-held Ivorian territory, cotton, are Western multinational companies, among others. Unilever and Cadbury could not exist without cocoa from Ivory Coast.

Because Western intelligence networks and business circles are so deeply involved in these African conflicts, Western governments can never organize lasting peace agreements. It happened in Ivory Coast. At the end of 2003, the French government brokered a so-called peace deal; but the implementation—to form a government of national unity and disarm the rebels—never succeeded. Instead, both sides prepared for a new round of war, and by the beginning of this November, Gbagbo's forces apparently saw the chance to try and defeat the rebels militarily. And they were encouraged to do so.

Through his wife, Laurent Gbagbo is linked to the Four-square Gospel Church, a U.S.-based fundamentalist sect. Sources from the Gbagbo camp have said that the “men of god” told them to go to war. The weapons for the offensive were bought from the government of Israel and private Israeli arms merchants. French media even claim that Israeli mercenaries assisted the Ivory Coast army. In the meantime, the French military has destroyed the airplanes and helicopters of the Ivory Coast government and deployed a total of 4,600 troops to the country.

Leaders of the African Union, who clearly see the handwriting on the wall for their countries—foremost among them Nigeria's President Olusegun Obasanjo and South Africa's President Thabo Mbeki—were quick to organize the African Union to support United Nations Security Council sanctions

against both sides in the Ivory Coast. A weapons embargo is now imposed and, if the leaders of the parties to the conflict do not restart the peace process by Dec. 15, they will face travel sanctions and the freezing of their financial assets abroad.

The Root of the Problem

As in the Congo or other African conflicts, such peace agreements imposed from outside will not last because they do not address the root of the problem. By the end of the 1990s, Ivory Coast was ripe for rebellion. France, the former colonial power, had exerted power over the country through its founder, Félix Houphouët-Boigny, since independence in 1960. The relative economic prosperity and political stability was beginning to be destroyed when Houphouët-Boigny, who ruled until his death in 1993, was forced by the French government to implement structural adjustment policies of the International Monetary Fund (IMF). This culminated in the 50% devaluation of the CFA franc for all former French colonies in January 1994. For the Ivory Coast, this was the final blow.

Right now, Nigeria is living through a similar nightmare. The constantly deteriorating economic disaster could trigger even worse conflicts and chaos. Peace needs development as its foundation. So far, neither the French, British, nor American governments are willing to change their policies for Africa accordingly. As in colonial times, Africans are supposed to deliver raw materials, but not to use them for their own development and the benefit of their people. For this purpose the former colonial powers France and Britain, and the United States, are trying to use outright puppets as leaders of governments, or rebel groups that control territory and raw materials.

Sometimes then, African conflicts become also a factor in the larger strategic quarrels. It may very well be the case that some in the neo-conservative camp in Washington and London have encouraged Laurent Gbagbo's attack on French troops, to hit French President Jacques Chirac in the context of his role in Southwest Asia and his opposition to the Iraq war.

The fighting in Ivory Coast may have been stopped for now by the moves of the French and other governments through the United Nations. But we are far from any meaningful peace in the country, and the danger of new eruptions of violence in Ivory Coast, its neighbors, and especially Nigeria is completely incalculable. Only a drastic change in the West's Africa policy toward a new, just world economic order, as promoted by U.S. political leader Lyndon H. LaRouche, can reverse that destructive trend.

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Dangers of Cartel Monoculture Threaten Nations' Food Supplies

Interview with Dr. William Heffernan

For three decades, Dr. William Heffernan has led research into documenting the increasing degree of concentration of control over U.S. farm and food sectors by a small number of firms. In January 1999, the National Farmers Union released a 20-page report, "Concentration of Agricultural Markets," by Heffernan and colleagues Dr. Mary Hendrickson and Dr. Robert Gronski, at the University of Missouri, Department of Rural Sociology. In March that year, a bipartisan group of 23 farm-state U.S. Senators, led by Byron Dorgan (D-N.D.) and Chuck Hagel (R-Neb.), sent a letter to President Bill Clinton, asking for anti-trust investigation of the mega-companies then headed toward near total control over agriculture and food as of the end of the 20th Century. Since then, that process of concentration of control has worsened. Dr. Heffernan is now engaged in a review of the global patterns and implications. He was interviewed on Nov. 17, 2004, by Marcia Merry Baker.

EIR: Five years ago, you did a comprehensive review of concentration in the farm and food system—seedstocks, inputs, milling, meat processing, handling, dairy, and many other aspects—for the National Farmers Union. This has been very important for lawmakers and the general public. What would you point out about any patterns of note since 1999?

Heffernan: The major change—since the one study we wrote in 1999, is then we went to the retail in 2002, because we'd not previously been involved in doing the retail. But we realized that in about a three- or four-year period, the top five firms—usually we use top four, but in this case, the top five firms—had basically gone from 24% of the market share to about 42%. And now it's moved, depending on which data you use—and one of the problems with that data is, that it's really hard to separate the food part out of the retail, for in-

stance with Wal-Mart and so on, and get it just for food. So you see some variability. But it's approaching 50% now for the top five.

EIR: Wal-Mart is one of the phenomena of the era, isn't it?

Heffernan: That is exactly right. And we understood in that report, that in a sense, the retail stores, since they're closer to the consumer, really have probably the most power in that whole system, other than maybe the firms that control the seeds or the genetics stock.

Let me say one other thing. Since that time, the big story is—and some of our friends at Michigan State and so on have really been working on this—is the globalization of the retail firms. So that Carrefour out of France, Royal Ahold out of the Netherlands, and Wal-Mart are, basically, just going gangbusters in Central and South America.

In Africa, the Big Three global players are not there yet, but firms out of Southern Africa, especially the Union of South Africa, are doing the same in Africa even. So that suddenly the vendors out in the streets and the kind of mom-and-pop grocery stores and so on, are simply being pushed out by the retail stores there. And it sets the stage for these other three to probably move into Africa, once the chains get established.

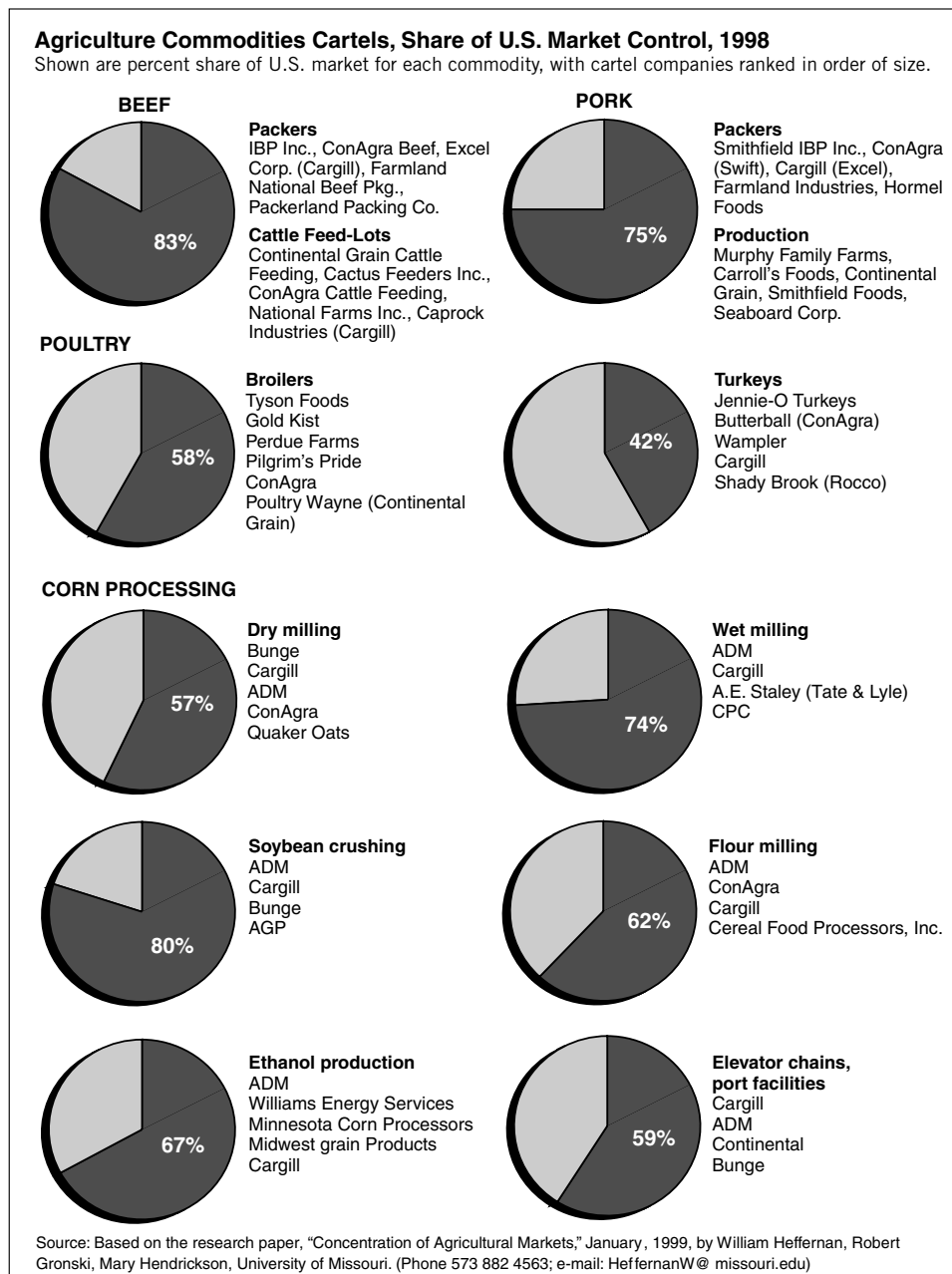
So now we're really talking *on a global basis*—the system that we talked about earlier in terms of those who provide the chemicals, and the seeds and those type of things, now it really is all the way to the retail sector.

EIR: So, it's from the seeds to the cereal bowl.

Heffernan: That's right.

EIR: On seedstocks, and including livestock strains, like the hogs and others, the patent laws have been changed over the

FIGURE 1



The high degree of market domination in U.S. food processing and handling was illustrated in the March 29, 1999 issue of the New Federalist newspaper, based on the January 1999 study by Dr. William Heffernan and others for the National Farmers Union. Other studies by the Heffernan team document the same degree of control over dairy, retail, and farm inputs, especially seedstocks.

past few decades. So that you have had companies such as Monsanto, or Delta and Pine Land Co., not only getting rights to strains, but also even to the *procedures themselves* to genetically alter soy or cotton or other plants. Along with the merg-

ers and acquisitions in this area, this seems a terrible threat to have so much control and consolidation.

Heffernan: It really is. You basically have five firms at the global level now that really control the seed stocks.

EIR: Would you please name them?

Heffernan: Monsanto; DuPont; Dow; Syngenta, which is out of Europe; Bayer.

EIR: You have looked at this growing control for decades. On the history of this, what needs pointing out? *EIR* has pointed out that the original, traditional American System—for example, from 1862 with the founding of the Agriculture Department, up through even the 1930 Plant Patent Act, which allowed patents to ornamental strains, but specifically not food plants—food strains could not be patented. So the big changes came later, in 1985, and then in 1994, to suit the so-called free trade era. Is this your view?

Heffernan: That's right. Once we gave the patenting of the intellectual property rights—. The trade journals were full of stories at that time by the experts, that those seed companies that did not have access to biotechnology—that included Cargill, incidentally, which had seed research companies in 23 countries of the world, to give you an idea

how big Cargill's operation was—but they were basically told: If you do not have access to biotechnology, you will not survive.

So, many of the big seed companies literally went to firms

like Monsanto. Some of the trade journals at that time said that Monsanto went on a buying spree. Well, in a sense it did. But it didn't even have to leave its St. Louis offices. All it had to do is sit there, because these firms came to it and said, "Buy us."

Where Cargill had 23 research operations, they sold those operations to Monsanto, and then they put together a joint venture with Monsanto.

And you had big names like DeKalb and such that were bought by—

EIR: Northrup King, and all the rest. Pioneer—

Heffernan: That's right. DuPont got Pioneer, eventually. And so, the whole system just collapsed around that, and it was really the intellectual property rights that started that. I mean, it was moving in that direction. And those same five firms, and one other firm with them, probably have well over 75% of the agri chemicals.

And now come some changes in fertilizers. For instance, in this country, as of 2005, about 50 to 60% of the fertilizer used in this country will be from Cargill.

So all three of the major inputs are really—and Cargill has about 15% of the global production of potash and the potassium. So, fertilizer is a little bit behind, but it's coming down the same route now.

EIR: And on handling bulk shipments, and barges and so forth, Cargill is likewise huge.

Heffernan: Our best guess at this point is that the two firms, Cargill and ADM [Archer Daniels Midland]—I'm going to use the word, "handle," I'll come back to that in just a moment—handle probably *close to three-fourths of the grain that moves between nations*. And I separate "between nations," as opposed to the figure they like to use of the grain that moves "in the world" today. They say they only have about 8 or 9%. That is within countries, as well as between countries. So I'm looking at what moves between countries, and they're up over three-fourths.

But when I say, "handle"—Cargill has their own steel mills. They make their own barges. They have their own barge lines. They have their own shipping lines. They have their own telecommunications system basically all set up. They're in commodity markets all over the world.

So yes, they have the whole thing, basically.

EIR: So on the geographic patterns that follow from that—where things are cultivated, what livestock is produced and all, there are some obvious things to get your view on. For example soybeans.

When you mention Cargill, in the way of soybeans, or soy meal or oil for export, the concentrations in soy farming over the 20th Century came to be in North America for export, and that means Cargill and ADM, and I suppose you could specify a few more at certain times, maybe Central

Soya, or Mitsubishi—

Heffernan: Yes, we'd add Bunge to it to now.

EIR: But around five years ago, came the quite open discussion in Washington, D.C., at the U.S. Department of Agriculture Annual Outlook Conferences, for example, of the intended re-positioning of these companies, of their major focus away from the U.S.A., and into Brazil and Argentina. And now that's come to pass. So at present, to be nominal about it, only three nations—United States, Brazil, and Argentina—account for 80% of world soybean production and 90% of all soy exports.

So this means vulnerability for the food supply, when it comes to such widespread usage of just a few seed strains, namely, the Monsanto/Cargill-approved Roundup Ready soybeans. Some new disease can come along, or just some old disease, like the soybean rust that was just reported in Louisiana. What implications would you draw out about all this? This is a dramatic global pattern.

Heffernan: Absolutely. The whole global system—incidentally, I am a part-time farmer. When I thought I was retired, I was almost a full time farmer! And I do raise soybeans.

What's happened—I mean, this is really the production part of the food system following the old industrial system. And it's really sort of one vast system.

Most anywhere you go across the Midwest now, there's about three different brands of corn planters in use. This year, 50-60% of the fertilizer is going to come from Cargill. The seed comes from one of these five firms, basically. Everybody across the Midwest is planting soybeans basically, the same varieties, the same chemicals—everything is the same.

Well, what that leads to, of course, is then we lose all—the question is, who's going to keep the other varieties going? And so we end up, basically, with everybody with the same gene stock, and thus if we have another Southern Corn Blight like we did back, what, three decades ago now or something, we're terribly vulnerable.

And like you said, rust is one of those kinds of things coming along. And this happens in the grain sector, and it also happens in the animal sector.

I happen to be on the board of the American Livestock Breed Conservancy. We're concerned about saving—we've got a hundred breeds listed, that were formerly a major part of agriculture, and now they are being lost.

And we've been working with turkeys, for example. We got some funding, and they did some research down there out of Pittsboro, North Carolina, looking at putting turkeys out on the range.

And incidentally, there are only basically three breeding flocks in the world, from which about 90-95% of all the commercially produced turkeys in the world come.

EIR: Where are these three?

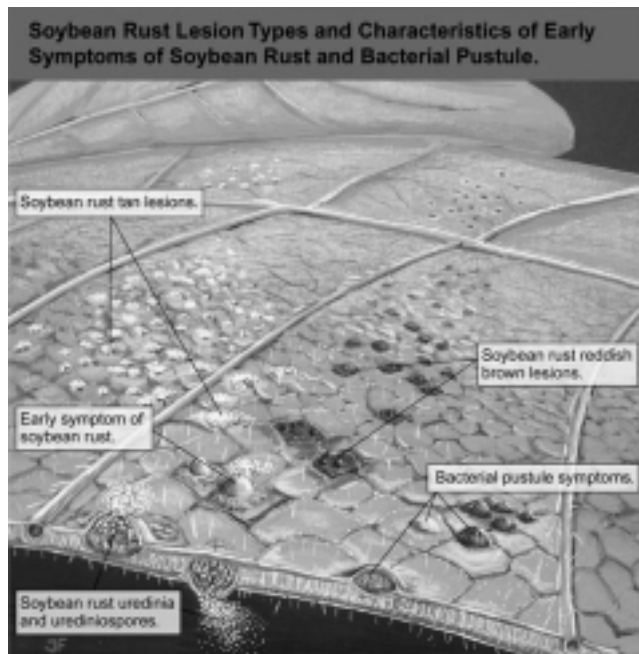
Heffernan: One is out in California; I think it's Arbor Acres,

FIGURE 2

Western Hemisphere Soybean Crop: 80% World Production, 90% World Exports



Source: EIRNS/2004.



*Cartel-dictated “free” trade practices have forced into being extensive areas of soy monoculture in the Americas, enhancing disease vulnerability. In 2001 soybean rust (*Phakopsora pachyrhizi*) hit crops in South America; as of November 2004 it has arrived in North America, confirmed so far in five southern states. Yields can be cut by half; timely, costly fungicide application is necessary.*

but their name changes so fast, I hate to use that. But there’s one in the United States. There’s Hybrid turkeys up in Ontario. And then there’s Pure Bred over in Europe. They were owned by British Petroleum not too long ago. Not now.

Work done at Ohio State University, probably six or eight years ago now, on DNA testing, found there was very little variation in the breeding stock on those three operations. So what we’ve done, there again, is narrow the base.

I have to just tell you, since we’re approaching Thanksgiving, that when I was teaching, my lecture on the day before the students got released for Thanksgiving was always on this issue. And I would talk about the turkeys, how concentrated it is. And then before I’d release them, I would say: Now remember, go home and eat lots of turkey. And ask for seconds. And if you finish your pumpkin pie and still have room, get a third helping! And have mom pack you some turkey sandwiches to bring back to college. Because, theoretically, it’s possible there won’t be any turkeys next year for Thanksgiving.

EIR: I don’t want to change subjects to the Christmas ham or anything, but I am calling you from the headquarters state of Smithfield.

Heffernan: Virginia.

EIR: When it comes to hog strains, there were the old breeds—Chester Whites, Durocs, and so on.

Heffernan: They don’t talk about breeds; they call them by numbers now. And again, the same thing. In fact, the turkey and the broiler model is what the hog people—and the cattle people, I might add—are trying to achieve.

EIR: Reduction to practically single varieties.

Heffernan: Right. If we switch to dairy quickly: Something over 90% of all the dairy cows in this country are the Holsteins. And I understand—and I think I’m being conservative on this—I think it’s worse than even this: something over 60% of the Holsteins go back to what we call four family names right now.

And there are already problems in this. They are having reproduction problems, because they got so narrow, they focussed so much on production of milk, they sort of forgot the reproduction part of this. So a lot of cows give birth to maybe only two calves in their lifetimes.

EIR: And the few others, are they Guernseys, or Ayrshires, or—?

Heffernan: They're Guernseys and Ayrshires, that's right, and milking shorthorn, Brown Swiss, and others.

EIR: But they're insignificant because of the whole mode you've been describing.

Heffernan: One of the little issues that never gets brought up on the Mad Cow Disease, is why were we bringing down Holstein cows from Canada? Why did they bring that cow in to begin with?

The reason why is, that with all these large commercial dairies, given the low reproduction rate of the Holsteins, given the treatment—the cattle do not last long in the dairies, they last only for maybe three or four years at the most. Some say only two, but, whatever. That since they only have two calves in their lifetimes—and they don't save all those, in fact, one of the problems is the loss of calves at calving and so on is very high. So, they're not reproducing the numbers.

Right now, basically, the large dairy farms—and they are becoming the majority—are not reproducing enough females to resupply the herds. And that's why they're having to buy cattle from up in Canada where they still have family-sized dairies, and so on, and they still have a much more diverse genetic base.

EIR: Another question on the milkers: You are bringing out the point that this all has to do with breeding and the genetic base and agricultural practices. Not simply with some single, much publicized "issue" such as bovine growth hormone or such, but what characterizes the whole system.

For example, I understand that in Maryland there is a famous big dairy operation that has entirely robotic milking machines—"voluntary" automated machines. I understand some of the cows choose to walk over and be milked five times a day, because they feel good that way.

But you are stressing that it's the breeding question, amidst a whole combination of factors?

Heffernan: That's right. But as the industry concentrates, they want to produce—again, following the industrial model—the same thing everywhere.

Now, with environmentally controlled buildings, like for broilers, turkeys, and hogs, they can make that work fairly well. The issue we just talked about—the disease problem and so on—they can't handle that. But the rest of it they can.

But where you've got crops, and in the beef cattle, where you've got cows out on pasture, for example, in different environments, that industrial model just plain doesn't work.

EIR: By "industrial model," do you mean some modern version of the British East India Company? Or are you referring to just plain verticalized, contractual arrangements in producing food commodities?

Heffernan: Mainly what I was referring to is mass production. And they want it set up so that every animal, everything coming out, is exactly the same. That means, everything going in is exactly the same.

EIR: Therefore they specify the hogs, because they want them leaner, or want them this or that way?

Heffernan: That's right. The same size exactly, then they can use robotics a lot also. So there is a reason why they want that.

One of the problems with some of the *listeria* and some of the other health problems in the cattle and beef, is because animals come in different sizes, and the robots miss where they're supposed to be, and hit the intestine or something, and drop out the contents of that. That's where some of the problems are coming from.

EIR: The contamination is then spread.

Heffernan: You have the whole contamination issue.

EIR: So the attempt to over-robotize the processing gives problems?

Heffernan: That's right. So that's one of the problems. So they want a standard product, if they could. And at one point, IBP started down the route of trying to get the Angus breed, and certain breeders—in a few of the Midwest states, they had even begun to identify two or three big Angus breeders in each state, to sort of be the foundation for a special brand that they were going to carry. Now, they backed off of that, but again, that's that model of going to really a narrow genetic base, so everything is just the same.

EIR: So that was probably in the 1980s, before—

Heffernan: That's right. I think it was about the late 1980s.

On the beef, the problem with that model is the animal might be doing quite well up in Colorado, in cool weather and so on, but that genetic stock doesn't do worth a darn—and our annual meeting of the American Livestock Breeds Conservancy was down in Florida about a month ago—

EIR: And it doesn't do so great down there!

Heffernan: Oh, yes, you've got to get some Brahmin blood in them. And so, it doesn't work in agriculture like it does in building automobiles.

EIR: You are now bringing up the reality of where you do or don't have soy, or where you try to have certain breeds, and this is another aspect of the danger of monoculture.

On the world chicken situation, I am sure you have been getting many phone calls because of your work, given the fact



U.S. commercial turkey operations are today based, essentially, on only three parent flocks.

that Cargill is so prominent in Thailand and elsewhere in the world, and it's true that we have often had flu pandemics that have to do with mutations of the microbe that involve animals. In Asia there are a lot of animals, and a lot of people. So these practices you have been describing, potentially add to the vulnerability.

Heffernan: Oh, absolutely, they make us more vulnerable. All you have to do is have some avian flu variety, for which birds, or even the wind, can carry that.

In regions where they have high concentrations of these big buildings with no—with animals that have a narrow genetic base, and thus, with no resistance to it, a new strain can just wipe them out.

EIR: So the food supply itself is vulnerable.

Heffernan: The food supply is very vulnerable when we move to this kind of situation.

EIR: So, the potential for the influenza strain to mutate, and then come back to people, is heightened? There is a contributing vulnerability if you have small genetic base or inbred livestock?

Heffernan: Some of the specialists on this are really worried, where in places—. I was up in Iowa on a meeting kind of focussing on this. They were focussing on spots in Iowa. But certainly down in North Carolina, and places like that, where you have enclosed broiler operations and enclosed hog operations—these big, mass operations, when you move between those species and then on to the humans who interact with them. And some of the specialists were just really, really concerned about that.

EIR: So, some of the very premises of the last 40 years—axioms, but also presented as rationalizations, for example, “free trade will be good for you,” “it will be competitive,” “you can get food cheaper if it's global sourced”—in fact, all

it means is that there is less infrastructure, even when it comes to pathogen dangers and botanicals. You saw that big Hepatitis A outbreak in western Pennsylvania last year—biggest single source ever in the United States—and it came from scallion imports.

So one marker I want to ask you about—you may have others—is the BSE outbreak. This is a major disease event. In 1979, we went looked at the statements from the British livestock experts, and from their association, called something like the Royal Commission for Environmental Pollution. After the 1970s research by the USDA and others, on what was then called “transmissible dementias” and such things as sheep scrapie, the British Commission in 1979 said you should not be recycling sheep parts into cattle feed or other livestock feed. There may be dangerous consequences. You should tighten controls over what goes into livestock feed.

But Prime Minister Margaret Thatcher came in, and Lord Peter Walker, her Agriculture Minister, and they were the definitive free-marketeer ideologues, and said, “No,” on principle. “All industries should regulate themselves. There should not be government regulation.” And by 1986, we know what happened.

So, since you've written the book on the process of of concentration and consolidation in agriculture, and given your understanding of these premises of the era of free trade that violate sound agricultue practices, and public health and animal health practices, what would you say about all this in summary?

Heffernan: Let me step away from U.S. agriculture, and take a quick world view of this thing. There are those talking about the retail business, and how all of this is going together and how it's really very rational, it leads to the most efficient food system and so forth. There is a whole host of issues among it. But when they write—and they tend to be writers from Europe and the United States who are talking about this, economists, and some sociologists, I might add—they take the perspective from the have-nations. And the fact is, those of us in the have-nations will continue to get food. We don't need to worry.

There's a book out by Steven Blank, *The End of Agriculture in the American Portfolio*, and he argues that since we can import our food cheaper than we can produce it in this country, we ought to import our food and use our land for its higher value, like recreation and urban expansion.

EIR: What a terrible premise, and view of the world.

Heffernan: But that is exactly the basis that our U.S. and WTO [World Trade Organization] policy is following.

About a week ago, the *Wall Street Journal* had the article—

EIR: Yes, that the United States will be a net food importer annually by 2006.

Heffernan: Yes, it's an article out of Purdue, which has been



A young dairy cow of the Holstein breed. Most of today's U.S. milking herds are Holsteins, and trace lineage to only four families of the breed. Attempts were made in the 1980s by IBP (now Smithfield) beef processors to impose only certain blood lines of Black Angus—shown on pasture—for uniformity in slaughtering and marketing. They failed.

around for about a year now. And the USDA at an Outlook Conference, said that the difference between exports and imports will be only about \$3 billion this next year. We are moving in that direction. So we'll get the food. But, and in one sense, we can argue therefore, that the system is working quite well for our consumers, *now at least*.

Here's the real issue on this: As we move toward trade liberalization, the governments have backed out of making any decisions about the food system. And instead, it's been turned over to these large corporations, the ones we've named. These corporations make their decisions on what is most profitable for the corporation.

Up until this year—this year being the exception—ConAgra for several years running had said in its annual report, "Our mission is to increase the wealth of our stockholders." That is the purpose of a corporation. And if you and I were working in a corporation, that's the way we'd make our decisions.

Sometimes I almost envy them. They have a simple definition. When you are working in a large university you've got lots of goals! You don't know which one to emphasize. They're pretty clear what they're emphasizing!

EIR: Well, 60 years ago, when you looked at the outlook of corporations, including in the industrial areas and smaller firms, local dairy plants, and so on, there wasn't the conflict.

Heffernan: That's right. That's where we're heading. Today in the world, and this is a conservative number, 40% of people have less than \$2 a day. This is from United Nations data. If you were executive director of a corporation, how concerned would you be to set up a system to provide food for these people?

EIR: I meant, 60 years ago, people would be concerned—

Heffernan: Yes, 60 years ago they would be concerned;

that's exactly right! Sure.

So the real dilemma we face in the world today is, the UN at the turn of the century, of 2000, basically made a commitment to reduce hunger by 50% by the year 2015. And at that time, it was moving down. And that was just about the time that the big retail stores started coming in globally, I might add.

EIR: You mean Wal-Mart went into food—

Heffernan: Yes, Carrefour, Wal-Mart, and Royal Ahold especially. Well, the last three years, it has been going in the other direction.

EIR: Even in places like Argentina, as you know.

Heffernan: Yes. So the point is, today, these firms we have been identifying, decide what gets produced, where it gets produced, who produces it, how it's produced, and, basically, who gets to eat. And that's the conflict that we're in. And hunger is going to keep going up, as long as we keep making the decisions solely on what makes the most money for these large corporations.

EIR: Yes, it is quite a turning point period right now.

Heffernan: And that's what we're seeing. And hunger is going to go the other way. And of course, you've got the quality of the food, the obesity issue, and so on that goes along with that too. But that's the real dilemma in the food system.

So number one, you've got that dilemma. Number two, my colleague, Mary Hendrickson, and I have said for some time, food is different from all other goods or services exchanged in the global economy, because it is a necessity, and it's needed on a regular basis. Even oil doesn't meet quite that criteria, although it comes obviously closest, and the one we hear the most about right now.

So, we've been arguing that, well, we just don't want to get into the larger globalization. Okay, I'm not smart enough to take on all globalization. I'll stick just with food. Maybe it's the bellwether; maybe it's the canary. But nevertheless, the point is: Do we, even as a country here, want to depend, given the unsettled nature of the whole world today, do we really want to depend totally on food coming in from other countries?

And most countries say, "No." We're not saying we should eat only what we produce in this country. But there needs to be, I think, an understanding that every country has a right to have some guideline. You know, we'll buy bananas and coffee and other things from other countries, to be sure, but there seems to be some need for every country to have some degree of—I hate to even use words so strong as "self-sufficiency"—but some security for their food.

And that's what the WTO doesn't understand. So you go back to, what was the issue at the first big—what I call the big international protest, was at Seattle.

EIR: I was there, yes,

Heffernan: And the faith community, and the humane society, and labor unions, some farm organizations, and a whole host of NGOs [non-governmental organizations] working with developing nations, and so on, all came together around one issue, and that was food.

Then again last fall, about a year ago in Cancún, the same thing happened. And in fact, it looked like the WTO may even come apart from that. And I've been saying for some time, either WTO is going to have to understand that food is different from other products, or they won't survive.

EIR: I think that gets back to the point of government. From the point of view of the situation of other countries—the hunger in Mexico under free trade, the situation in Argentina, where they are in essence, under orders from ADM and Cargill to grow soybeans on the Pampas and elsewhere to the point of insanity.

Heffernan: That's right. . . . These big companies come in, just as you're saying, essentially, in one way or another, and basically get control. Mainly, because they provide the inputs, the market, and so on. They don't have to own the land, but they can still pretty much control what happens on it, just as you're saying. So in fact, it's the poor nations of the world that will watch their food move to the have nations of the world. And that's where you really hook the faith community.

EIR: The traditional American System—as it was called in the 19th Century, regarding industry—had the premise for its economy and its foreign policy both, that it's good for the United States to be in a world of vigorous, healthy, developing nations.

Heffernan: That's right.

Sharon, Netanyahu Are Making Israel Poorer

by Dean Andromidas

The economic collapse in Israel has reached new depths. According to an Israeli government report, poverty increased by more than 10% between 2002 and 2003, exposing the fact that 22.4% of the Israeli population is now living below the poverty line. "Israel is becoming poorer and poorer," declared Dr. Yigal Ben Shalom, director of the Israeli National Insurance Institute (NII), whose government organization released the report.

The figure of 22.4% is double the rate of poverty in the United States, where it is officially 12.5%, or triple that in Germany, where it is 7%. It puts Israel into the category of the ravaged eastern European economies such as Poland. Israel's slide into the Third World side of the divide between rich and poor, is a direct result of the war policy of Prime Minister Ariel Sharon and the radical free market policies Finance Minister Benjamin Netanyahu has been implementing over the past 18 months. The NII study forecast a further increase in poverty in 2004.

Israeli peace activist Maxim Ghilan points out that the draconian austerity measures in Israel are a pilot project for the United States, and U.S. free-trade think-tanks in Washington are promoting them.

Out of a population of 6.5 million, 1,427,000 people are living below the poverty line. This includes no fewer than 652,000 children, or 30.8% of all children in Israel. It also includes 83,000 elderly Israelis. The NII defines poverty as a monthly income of \$410 for single persons and \$650 for couples.

The Schachtian fanatic Netanyahu recently declared that families in which both parents work are not poor. "The only way to get out of poverty is to get a job," he said. "Today, it is impossible to say that there are no jobs." Nonetheless, the NII figures expose Netanyahu as a liar. Of 360,000 families living in poverty, which is 19.3% of all Israeli families, 139,000 represent households in which the head of the household is working, and 17,000 have two income providers.

The rate among Arab Israelis is even higher—48.4% of households. This is comparable to the West Bank and Gaza Strip where the World Bank defines 50% of the population as living below the poverty line.

The report created a firestorm of debate in the Knesset (parliament) where Sharon is expected to submit for debate another killer budget for 2005. Eli Yishai, chairman of the opposition Shas Party, charged that "history would judge the

government for crimes against its citizens.” A Labor Party Knesset Member and former finance minister under the murdered Prime Minister Yitzhak Rabin charged that the “report represents a crushing failure of the government’s policy and a socioeconomic disaster for Israel.”

Knesset Member for the Yahad Party Ran Cohen called on Sharon to dismiss Netanyahu, saying he had promised growth and employment, but “the economic policies are exploding in our faces.” Labor Knesset Member Michael Melchior accused the government of “raising a poor generation that lacks both health and education.”

Only Half the Picture

The impoverishment of the Israeli population goes far beyond the figures of the NII report. In the past year charities that provide meals and food to poor families, such as Meals 4 Israel or the Good Neighbor Association, have been advertising in the web pages of dailies such as *Ha’aretz*, soliciting funds from the Jewish diaspora. Many wealthy Jewish philanthropists have offered to fund social programs for the disadvantaged if the Israeli government matches their donations dollar for dollar, but the government refuses to come up with funding.

A recent study showed that one in five Israeli children go to bed at least once a week without dinner because their families have no food. The rate among Jewish children is 13.5, while the rate for Arab Israelis is higher. The survey showed that an even higher percentage of children are being fed unbalanced diets, based almost entirely on carbohydrates and starches, with insufficient protein and vitamins.

Dr. Yitzhak Kadman of the Child Welfare Council recently lambasted the state, saying that “years of benign and not-so-benign neglect . . . have produced the current situation.” He said that there is a direct correlation between the surge in school violence and poverty. “A hungry kid is much more likely to be violent than one adequately fed, due to both emotional and organic factors,” he said.

Professor of Social and Economic History Danny Gutwein of Haifa University, recently told *EIR* that the NII report is “misleading” because it is based on people’s income. The level of poverty is much broader if you take into account what people have to pay for, such as medical care and basic education costs for their children. Professor Gutwein laid the blame directly on the radical free market policies of Netanyahu: “The Netanyahu policy is to create more poverty as he dismantles the so-called welfare state to create a service society.” Israel had a long tradition since its founding of providing basic needs such as education, health care, and income support, all of which has been severely cut or dismantled. Now, more and more families have to pay for their medical expenses which previously were either subsidized or free. The same with education.

But wages have not increased. Professor Gutwein said that the situation affects young people in particular, as most

new jobs are part-time, where people work through temporary employment agencies, and never become tenured employees. Many of these young people are dependent on their parents or other social networks.

Building a New Political-Social Movement

Under current conditions there is no political party capable of mobilizing the lower 80% income-brackets of the Israeli population for effective economic and political change. Moreover, the cornerstone of such a change has to be a commitment to the establishment of a Palestinian state, not only as an economic and political partner for Israel, but as a means of opening the door to a greater Southwest Asian regional economic cooperation policy based on the development of the region’s transportation and water infrastructure.

One of the major problems is that a large percentage of the poorer sector of the population votes for the Likud, which in reality is a populist party run at the top by neo-liberal Jabotinskyites like Netanyahu. Similarly, most of the Labor Party, particularly its parliamentary faction, are also neo-liberals. Meanwhile, the pro-peace Yahad Party, which was founded as a new Israeli social democratic party, lacks organic links to working people and the poor.

Nonetheless, a new social-political movement has been formed, called Adam, led by Amir Peretz, the chairman of the Histadrut Labor Federation, and One Nation party, which holds three seats in the 120-seat Knesset. The movement was formed to coincide with the merger of One Nation into the Labor Party, which will be finalized in January 2005.

Peretz, a founding member of Peace Now, hopes to use this faction to draw into the Labor Party more trade unionists, working poor, unemployed, the Arab sector, and the oriental Jewish sector, which is generally poorer, and has been the stronghold of the Likud. Peretz, originally from Morocco, hopes to build a base strong enough to mount a challenge for chairmanship of the Labor Party, which is expected to hold internal elections early in 2005.

Peretz is being helped in this effort by several well-known Israeli figures including David Kimche, the former director general of the Israeli Foreign Ministry who reportedly also worked for the Mossad. Kimche, in his 80s, is a longtime Labor Party member and a harsh critic of Sharon’s policies. He sees the absolute necessity for a peace agreement with the Palestinians if Israel is to survive as a nation. Another supporter is Aryeh Eliav, former secretary general of the Labor Party (1969-1971), who broke with the government of Golda Meir because he disagreed with the policy of building settlements in the Occupied Territories. Other supporters include social activists, such as attorney Yuval Elbasha, Professor Gutwein, and industrialist Benny Gaon.

Speaking enthusiastically about Peretz, Professor Gutwein told *EIR*, “Israel is ripe for a new social agenda, a new coalition of forces” capable of challenging the neo-liberal agenda of Netanyahu.

Bush FDA Protects Profit Rather Than Health

by Mary Jane Freeman

At Congressional hearings held Nov. 17 and 18, documentary evidence was released showing President Bush and his Administration's culpability for the avoidable deaths of Americans due to the gross negligence of his Food and Drug Administration (FDA). These hearings inquired into, first, this and previous years' increasingly drastic flu shot shortages; and second, how it is that the arthritis drug Vioxx was ever allowed onto the market for use. Both hearings showed that the FDA failed to do its job: safeguard the public's health.

At the Nov. 17 hearing before the House Government Reform Committee, over 1,000 pages of FDA documents proved that the failure to secure enough flu vaccine—as Lyndon LaRouche had charged, pre-election, in a series of mass-circulated warnings to Americans—was a colossal, and deliberate, failure by the Bush/Cheney Administration which adheres to a murderous “free market” policy, especially vis-à-vis health care. The Nov. 18 hearing before the Senate Finance Committee provided devastating testimony from a 20-year veteran FDA scientist that the needless deaths from use of Vioxx, an FDA-approved drug, were a result of FDA higher-ups favoring pharmaceutical companies over public safety.

LaRouche's Negligence Charges Vindicated

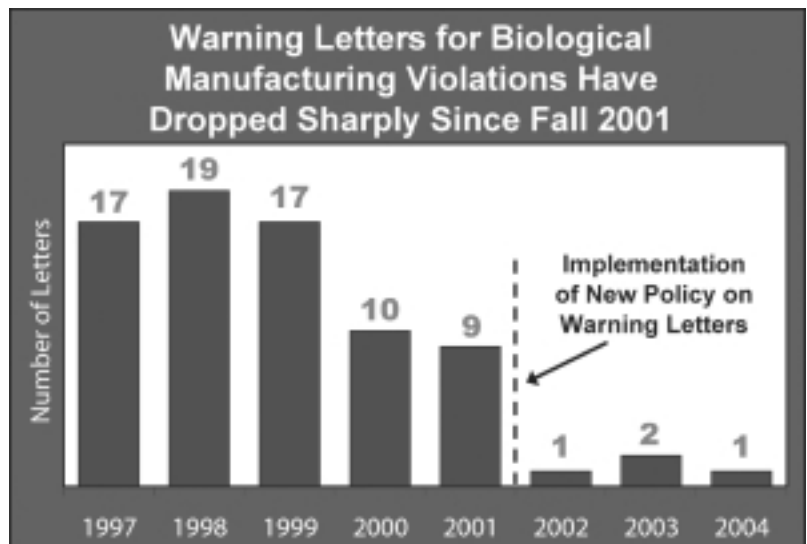
In the weeks before the Nov. 2 election, LaRouche hit the Bush White House's negligence hard, with millions of leaflets—entitled: “LaRouche: Bush-Cheney Could Cause More Americans to Die of the Flu Than Were Killed in the 9/11 Attack”; “Bush to Americans: Drop Dead!”; and “‘Go Flu Yourself’: Bush-Cheney Cut CDC Budget in Vaccine Crisis”—warning the nation that Bush and his Administration's malfeasance as to the public's health will lead to untold avoidable deaths, not just from vaccine shortages, but from their profits-over-public-health agenda.

Before the election, a White House lid—exposed by Rep. Henry Waxman (D-Calif.)—was on, to prevent FDA release of information to the Congress, and the public, which could

have verified these charges. But, the lid blew off at the Nov. 17 Government Reform Committee hearing on the flu shot shortage. Representative Waxman, the ranking minority member of the committee, finally had FDA documents—requested by the committee back on Oct. 8—showing that “expert scientists at FDA knew about serious problems at the Liverpool facility in June 2003,” where half of America's flu vaccine supply was to be made. The significance of the documents is, in Waxman's words: “The Chiron plant in Liverpool was not an ordinary FDA-regulated facility. It's a facility with a history of contamination problems that makes half of the U.S. supply of flu vaccine. [It] should have received the highest priority from FDA. Yet the agency ignored glaring problems . . . and missed repeated opportunities to correct them.”

According to a Congressional source, the date on the cover letter releasing the documents was Oct. 18, but they weren't handed over to the Committee until Nov. 4, the day after Bush claimed victory! On Oct. 22, FDA acting director Dr. Lester Crawford had told the committee the documents could not be found because his staff were too busy dealing with shot shortages—clearly a misstatement, at least. But consider the irony that on Nov. 19, Illinois Gov. Rod Blagojevich reported that 400,000 doses of flu vaccine he'd located abroad, for his state and for other governors, now might not be allowed into the country by the FDA due to alleged insufficient documentation from the Aventis Pasteur facility which was ready to provide the shots—even though this company is already licensed by the FDA to make the flu vaccine. Crawford's pre-election excuse must be judged a lie.

At the same hearing, Rep. Janice Schakowsky (D-Ill.)



This graph by the House Government Reform Committee Minority staff shows the collapse in FDA warning letters after the Bush Administration changed its guiding policy in 2001. The warning not issued in 2003 to Chiron Corp. was the difference between America having its whole flu vaccine order in 2004, and only half of it.

took up a critical point made in the LaRouche PAC mass leaflets, when she chided “Vice-President Cheney’s ‘explanation’ ” for the lack of flu vaccine being “that vaccine production just isn’t profitable enough for private pharmaceutical companies.” She asked, “Is that going to be the consideration, that profits of the companies are going to take precedence over the health of the American people?”

Throughout the hearing, Crawford was grilled on the FDA’s failure to have detected or acted on the 2004 contamination problem in 2003, when its inspection found it, and for FDA’s willful failure to impose its own adopted corrective measures at the plant. Crawford played a game of sophistry, arguing that the dates of FDA reports didn’t match the time sequence of batches of vaccine at issue now. The Committee’s Minority Staff report points out that Crawford repeatedly “assured the public” that the FDA provided “adequate oversight” of the Liverpool lab after the FDA’s 2003 inspection findings of contamination; but the FDA’s own documents show that over the 16-month period between June 2003 and the lab’s October 2004 shutdown by British authorities, “FDA failed to inspect—even once—whether the defects . . . had been fixed.”

Had LaRouche’s pre-election charges of fatal malfeasance been confirmed before Nov. 2, as they are now by these explosive Congressional proceedings, the outcome on Election Day might have been different.

Vioxx Use Killed Americans

On Nov. 18, the U.S. Senate Finance Committee’s hearings were called to look at the FDA’s culpability in the disastrous approval of the anti-inflammatory drug Vioxx. The hearing topic was, “FDA, Merck and Vioxx: Putting Patient Safety First?” At the heart of the committee’s inquiry was whether pharmaceutical companies’ profits were protected by the FDA at the expense of the lives of tens or hundreds of thousands of Americans who were either killed or severely harmed by this drug’s use.

Opening the hearing, chairman Sen. Charles Grassley (R-Iowa) set the stage: “Of the 20 million Americans who reportedly took Vioxx, an untold number are Medicare and Medicaid beneficiaries.” Over \$1 billion was paid by the government to Merck & Co. for Vioxx prescriptions during its five years on the market, Grassley said. Then, he read from a June 4, 1999 Merck internal document—recalling the infamous internal Enron e-mails. It was titled, “IN IT TO WIN IT,” and read in part: “As of yesterday, Vioxx became reimbursable on Medicaid in 42 states with the other 8 states close behind.” Grassley asserted, “The Medicaid market was clearly going to be a moneymaker for Merck,” and worried that the FDA’s relationship with drug companies “is too cozy.”

Grassley then dropped a bombshell by rebuking the thugery of FDA’s Crawford, who had publicly stigmatized Dr. David Graham, the associate director for Science and Medicine at the FDA’s Office of Drug Safety, as an irresponsible

“maverick.” Graham was the committee’s lead witness at the hearing. “Dr. Crawford appears [to have] intended to intimidate a witness on the eve of hearing,” Grassley charged. Graham has worked at the FDA for 20 years with an impeccable record of defending the public’s safety. And indeed, he provided eye-opening testimony that Vioxx was a dangerous drug and that the FDA had sufficient information to know it, but chose to approve it for use anyway.

“Vioxx is a terrible tragedy and a profound regulatory failure. I would argue that the FDA, as currently configured, is incapable of protecting America against another Vioxx. We are virtually defenseless,” Graham testified. He showed that despite pre-approval and post-marketing findings that use of this drug portended a five- to seven-fold increase in heart attack risk, the FDA approved it and refused to remove the drug from the market. (Merck finally withdrew Vioxx from sale.)

An FDA report, released on Election Day 2004, estimated that Vioxx caused 28,000 excess cases of heart attack or sudden cardiac death. But, Graham testified, if one applies the risk factors found in Merck’s own studies—one pre- and one post-marketing—then the “more realistic and likely range of . . . excess cases in the U.S.” is “from 88,000-139,000 Americans” who either died or were physically damaged by this drug. “Of these, 30-40% probably died” and “for the survivors, their lives were changed forever,” he said.

Graham also detailed the threats and intimidation he has been subjected to by FDA officials over the last two years as he has pursued exposing the health risks of Vioxx, with the hope and intent to have its FDA approval lifted. He pointed out that just eight days before Merck “voluntarily” pulled the drug off the market on Sept. 30, he was denounced by superiors. To this day the FDA has refused to allow his research to be published, despite having been peer-reviewed and approved for publication in a prestigious medical journal.

Following Graham’s forthright, explosive testimony, the acting director of Science and Medicine at the FDA’s Center for Drug Evaluation and Research, Dr. Steven Galson, issued a press release “categorically” rejecting accusations that the agency “has done a poor job of protecting the public against dangerous drugs.” Further, as the stock values of five drug companies fell after Graham named drugs made by them as unsafe, Galson insisted, “Dr. Graham’s testimony does not reflect the views of” the FDA. Speaking on NBC’s “Today” show, Galson whined, “The drug industry would be astounded at [Senator Grassley’s] charges we’re too cozy with them.”

Graham had also scored the “corporate culture” at FDA, which “views the pharmaceutical industry it is supposed to regulate, as its client.” Grassley said the Vioxx affair is one of the “worst drug disasters in history.” Plenty of “red flags” were up, but the FDA failed to make “the health and safety of the public” its “first and only concern.”

Poverty Is Increasing Dramatically

Welfare and other care organizations report a dramatic increase in hunger, homelessness, and unemployment.

In recent weeks, headline reports are putting into doubt Germany's status as being among the "rich nations" of the world. New official statistics and private welfare organizations report a marked increase in poverty. One official estimate is that more than 200,000 Germans are without health insurance—these are not citizens on social welfare, because the system still provides a minimum of health care to welfare recipients. Apart from the fact that 200,000 is already a shocking number for a country with a social welfare tradition like Germany, it also poses a grave health risk. These uninsured will not get routine health checks, many will have no medicine when they are sick, and therefore they are more vulnerable to epidemics and may infect others.

Another official estimate is that 400,000 to 500,000 Germans are homeless. Up to 100,000 of these are "street children" who survive, for example, through petty crimes.

The most spectacular report, however, was the annual survey of the German Childcare Association, presented in Berlin on Nov. 8. Whereas poverty is on the increase generally, it is twice as high among children as among the rest of the population. Of the 2.8 million who live on social welfare, 37%, or more than 1 million, are children and youth under age 18. With 6.7% of its age category, youth welfare is twice as high as that of the population above age 18. And children under age 7 are affected twice as much as children age 15 to 18.

The worst welfare ratio exists

among children under age 3, of whom 10.4% are living on welfare. And, 55% of single mothers live on welfare.

The German Red Cross warns that every third child or youth under age 18 in Berlin, lives in a household (family or single mother) that is poor. It reports that among citizens who still have a home, more and more are showing up at its soup kitchens. "Many of whom also have children, and they don't know how to feed them through the weekend," it said. But there is also an increasing number of children, not just "street children," that knock on the doors of soup kitchens to get something to eat during the day, because their parents (or parent) have nothing to give them when they leave home for school.

The number of "problem" cases among Berlin households alone (which cannot make a decent minimal living without welfare or other state support) increased by more than 16% in the past 12 months, from 361,000 to 421,000—which indicates the dynamic of this downward trend. Similar figures, though not as dramatic, are being reported from other big urban areas. This shows that those neo-con politicians, who in their attempt to sell even more drastic budget-cutting "reforms" keep speaking of an "arrogance of wealth" that is allegedly blocking these cuts, are totally off the mark.

The soup kitchen pattern reported in Berlin is also seen in other eastern cities and regions. The Mansfeld region in Saxe-Anhalt, which during

this winter will have an official (falsified) jobless rate of 28 to 30% (one of the highest in Germany), has recently seen a doubling of poor citizens knocking at the doors of soup kitchens. This includes citizens who have not much more than the equivalent of \$1 for one warm meal per day, but also those who don't have money at all. The soup kitchens are prepared to serve such a meal for 50 to 100 people a day, but they are now faced with twice as many.

As far as the eastern regions are concerned, where unemployment is twice the average of that in the western regions, impoverization is driven by the disproportionately high ratio of long-term jobless, which is about 50% of all jobless citizens there. And for every eastern German who loses his or her job, the situation is almost hopeless, because of the overwhelming number of people applying for every job offer. In Eberswalde, the ratio is 32 to 1; in Osterburg, it is 80 to 1; and in Neubrandenburg, it is 100 to 1.

All of this is before the drastic Hartz IV budget cutting package goes into effect in January 2005, when an estimated 100,000 households (according to the German Residents Association) will then no longer be able to pay their rents and maintain a minimal standard of living. Many of these new cases will have to choose to either keep their apartment and cut deeply into food purchases, or feed themselves but become homeless. Either way, the pressure on soup kitchens will grow.

The only way out of the downward spiral is to rapidly increase state revenue and citizens' incomes through grand private and public sector infrastructure and industry projects that boost employment. To date, the LaRouche movement has been the only political force in Germany to propose such a change in policy.

Nuclear Power: The Litmus Test for Space Exploration

Marsha Freeman reviews James A. Dewar's book on the history of the U.S. nuclear rocket program.¹ Without nuclear propulsion, a visionary manned space program is simply impossible.

Since the dawn of the space age, nearly 50 years ago, it has been well understood that using nuclear energy was the prerequisite to accomplish the goal of exploring the Solar System. Therefore, the fight over the nuclear rocket program, as James Dewar states in the Preface to *To the End of the Solar System: The Story of the Nuclear Rocket*, was not just a fight over a specific technology, but “a proxy: [the fight] was really over the future of the space program.”

Those who for decades have opposed the nuclear rocket's development were not arguing against nuclear energy as such, but were trying to halt the only capability that would enable mankind to explore all the way “to the end of the Solar System”—as President Kennedy had put it in 1961.

On Jan. 14, 2004, President Bush placed a multi-decade space exploration program on the agenda, to develop the Moon, and then send human travellers to Mars. There are many drawbacks to the President's plan. The most serious is that it would cut back on space science programs and jettison use of the Space Shuttle and International Space Station—part of the infrastructure that was created to make manned trips around the Solar System more efficient.

One litmus test of the seriousness of the current space vision, will be whether the space nuclear programs are restarted. More than three decades ago, a nuclear reactor to produce electricity was successfully tested in Earth orbit by

the United States. Advanced systems for using nuclear power for space propulsion were well along in their development and testing, and few technical issues remained to be resolved.

The nuclear rocket program was killed in 1972. Twenty years ago, under the umbrella of President Reagan's Strategic Defense Initiative, some further progress was made in space nuclear systems.

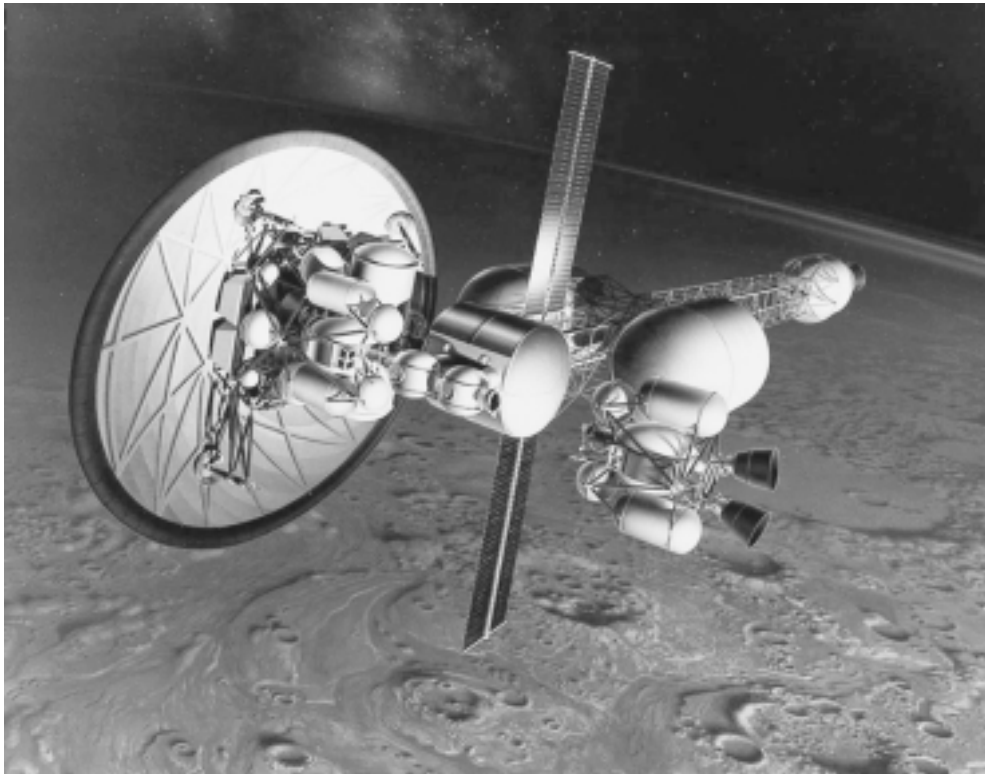
The fight over the nuclear rocket program never centered around issues of science or technology, but was philosophical and political. As Dewar documents, the stakes were the future of the space program.

From Defense to Space

It is not surprising that the first designs for the practical application of nuclear power to rockets came from the nuclear weapons laboratories, Los Alamos and Lawrence Livermore. At the end of the Second World War there was no civilian space program, so the first efforts to promote the development of nuclear rocket technology were to propose to the defense establishment that nuclear power replace chemical propulsion for intercontinental ballistic missiles. But, Dewar reports, the young physicists believed they were taking “the first steps to Mars. That was their agenda, but they had to take the military route, using Mars, the god of war, as V-2 scientists did in Germany.”

But as the fission bomb was replaced by the smaller, lighter, and more powerful hydrogen bomb, the rationale for the nuclear-propelled ICBM disappeared, because standard chemical rockets were able to do the job. As the space age

1. *To the End of the Solar System: The Story of the Nuclear Rocket*, by James A. Dewar (Lexington: The University Press of Kentucky, 2004), \$65, hardcover, 438 pages.



As early as 1960, NASA was investigating the use of nuclear propulsion. This artist's concept, from that time, envisions a nuclear thermal rocket-propelled spacecraft in orbit around Mars.

was about to dawn, the military nuclear rocket program was re-oriented from powering missiles toward lifting heavy payloads, such as satellites for military applications. In 1956 Los Alamos Laboratory was selected to develop Project Rover for nuclear propulsion.

Despite the enthusiasm of the scientists, the vocal opponents of nuclear power in space insisted it was too expensive, too dangerous, and unnecessary. But the nuclear rocket program had the aggressive support of a key group of Congressmen, led by Democratic Sen. Clinton P. Anderson of New Mexico. Echoing the writings and vision of early space pioneers, in 1956, Anderson discussed using space technology for weather modification and climate control, as well as "sending men to the Moon and colonizing the planets, which he felt should be international, to avoid wars for empires," Dewar reports. The following year, construction began at the Nevada Test Site near Las Vegas on facilities to test nuclear rockets, in an area picked by Los Alamos, called Jackass Flats.

Dewar reports that, confident that work on the nuclear rocket was progressing, Senator Anderson temporarily turned his attention elsewhere, concentrating on civil rights issues, and originating the key compromise that led to passage of the 1957 Civil Rights Act.

The Soviet Union's launch of Sputnik, in October 1957, led to a deluge of Congressional hearings and attacks on the Eisenhower Administration's lackluster civilian space program. It also created the opportunity to place before the nation's lawmakers the boldest, most visionary plans for space. Edward Teller, the physicist who worked in the Manhattan

Project and developed the hydrogen bomb, stated at a hearing in November 1957, before the United States had launched anything into space, that nuclear rockets were necessary for interplanetary travel.

Under Anderson's guidance, the Joint Committee on Atomic Energy recommended to the White House that, in addition to upgrading nuclear weapons programs, the U.S. build the nuclear Navy, expand science education, increase support for Eisenhower's civilian nuclear program called Atoms for Peace, and give the nuclear rocket project the highest priority.

In remarks on the floor of the Senate during the debate on the creation of a civilian space agency, Anderson stated: "We don't know what space means now, but as we move into it, it will change us, give us different tools, technologies, and ways of looking at our own planet. And only with nuclear rockets can we have manned interplanetary flights, to Mars, and later interstellar travel. As we deliberate, let us be careful, as our decisions will influence those yet unborn, and perhaps someday may lead to peace on Earth, where men's minds are lifted from their Earth-bound hatreds into the universe." The space program was not seen only as a science and economic driver, but as a multi-generational social and cultural intervention into American society.

The Rover nuclear propulsion program was transferred from the Defense Department to NASA on Oct. 1, 1958, the day the space agency was created. In August 1960, under the urging of Congressional promoters, the Atomic Energy Commission and NASA created the joint Space Nuclear Pro-

Why Use Nuclear Energy?

James Dewar's history of the nuclear rocket focusses on nuclear thermal rockets, the most capable technology for space propulsion. The heat produced by the fission reaction is used to heat a propellant (generally, hydrogen), which is propelled at great speed out the back of the rocket engine, pushing the vehicle forward by producing a reactive, propulsive force.

The key to the increased efficiency and performance of nuclear engines over those burning chemical fuels, is the energy density of the reaction. Nuclear fission can create temperatures significantly higher than chemical burning, in a much smaller volume. The speed at which the rocket propellant is expelled, which is a function of temperature, is a crucial parameter in measuring the performance of any engine. The hotter it runs, the faster the propellant, the more efficient the engine.

Engine efficiency is measured as specific impulse, which is at most 450 seconds for chemical engines, up to about 850 for technology demonstrated by the Nuclear Engine for Rocket Vehicle Application (NERVA), and

in the thousands of seconds for more advanced, gas-core nuclear reactor systems. Because it needs to carry both liquid hydrogen and liquid oxygen, only 6-8% of the Space Shuttle's gross weight is useful payload. For an advanced nuclear-driven system, the payload fraction could be more than double that.

What could you do with this vastly increased capability? One concept to make use of a nuclear engine's cargo capacity was put forward in the 1960s by space visionary Krafft Ehrlicke, which he called Helios. A chemical stage would boost a 15,000 MW nuclear engine to 100,000 feet, where the nuclear engine would be fired. Ehrlicke calculated that Helios could place a quarter of a million pounds in Earth orbit, or land 80,000 pounds on the Moon.

The high performance gained from nuclear propulsion could also be optimized to shorten trip times, trading off payload capability for speed. People could go to Mars in weeks, not months. Pluto could be reached by an unmanned spacecraft in less than 2,000 days, rather than a decade.

What would be the impact of using nuclear propulsion? Dewar states: "Instead of tiptoeing through the Solar System, these advanced propulsion ideas would allow humans to blast through gravitational fields and conquer the vast distances, to arrive in months or weeks, and then return."

—Marsha Freeman

pulsion Office to carry out the nuclear rocket project.

At the end of the Eisenhower Administration, there was some reluctance to embrace nuclear technology, with concerns voiced about safety, radiation, and "what other nations will say." Dewar likens this fear to that on the part of the "oil admirals" that Adm. Hyman Rickover faced when he started developing the nuclear Navy, "who feared sending men deep beneath the waves next to a radioactive reactor. It was probably the same as what the oil and coal officers faced a century earlier from the wind admirals, who feared putting men in the dark hold of a ship next to exploding boilers and steam lines, to be scalded to death."

Kennedy's New Ocean of Space

To pave the way for what they hoped would be a change in policy in the White House under an incoming Kennedy Administration, the Congressional promoters of the space nuclear program inserted a plan calling for the development of the nuclear rocket, as part of an accelerated space program, into the Democratic Party's Platform for the November 1960 Presidential election.

During this time, as Los Alamos was conducting tests on small-scale, high-density reactors that could fly in space, the manager of the Atomic Energy Commission/NASA Space Nuclear Propulsion Office, Harry Finger, called for bids from

industry to develop the Nuclear Engine for Rocket Vehicle Application (NERVA). Not surprisingly, opposition from the Bureau of the Budget (BOB) was swift, and persisted throughout the duration of the program. Although Congressional enthusiasts may have exaggerated how quickly nuclear rockets could be propelling spacecraft, the BOB dishonestly objected that the AEC "grossly underestimated" Rover's cost.

In October 1960, an article published under Presidential candidate John F. Kennedy's name, urged a manned lunar landing, a space station, a space shuttle, and a nuclear rocket. But when the Kennedy Administration came to Washington, the President's science advisor opposed the Rover project, as did the budget director. To try to garner support for its hostile position, the BOB put out an estimate that a manned lunar landing would cost \$45 billion—purposely a gross exaggeration, more than double what NASA estimated, and what Apollo ultimately cost.

The fight between the Congressional, scientific, and NASA promoters of space nuclear technology, and the anti-technology lobby and the budget balancers, finally came down to the issue of test flying a reactor; this would be an expensive phase of the project, and Congressional supporters knew that anything less would indicate that the program was just for research and development. Opponents were willing to continue a low-level R&D program, but had no intention

of flying anything. The fight raged in Washington, with each side vying for President Kennedy's support.

The infighting temporarily abated after May 25, 1961, when President Kennedy made a speech on "Urgent National Needs," before a joint session of the Congress. In addition to proposing that the nation "land a man on the Moon and return him safely to the Earth," within the decade of the 1960s, the President approved a test flight for the Rover nuclear rocket, declaring that this technology "gives promise of some day providing a means for even more exciting and ambitious exploration of space, perhaps beyond the Moon, perhaps to the very end of the Solar System itself."

The importance of including the nuclear rocket project in the President's speech cannot be overstated. What he was proposing was not simply to land a man on the Moon, but a manned space effort based on long-term pre-eminence in space, specifically over the Soviet Union, which was our only competitor. This was not a program that would have an end point, but a commitment to keep the United States in the forefront of science and technology, and leadership in space for decades.

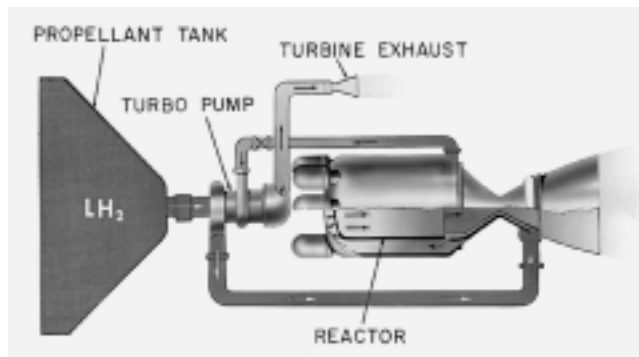
It was not long after the President's speech that the fight within the Kennedy White House resumed. Although the President had made his stand on the lunar landing virtually non-negotiable, by designating a deadline, there was room for the opposition to maneuver. They knew that they could not kill Apollo, but if they could kill the nuclear rocket program, they could cripple the manned exploration programs that would follow it. This would eliminate Kennedy's policy of "pre-eminence."

The opposition to the nuclear rocket program could not credibly be based upon any lack of technical progress, or fears of the effects of radiation or nuclear technology. So it was the fear of what the effort would *cost* that was mobilized as the principal argument.

Congressional supporters mounted eloquent counters to the false arguments put forward by the budgeteers. In a memorandum to Sen. John Stennis (D-Miss.) on July 19, 1961, less than two months after the President's Apollo speech, Senate Space Committee staffer Glen Wilson sought to counter the Budget Office's highly exaggerated estimate of \$45 billion for the lunar landing, with his own more realistic estimate of \$20 billion.

But regardless of the specific cost, Wilson wrote to the Senator: "Advanced technology gained by this effort will invariably produce 'by-products' of tremendous value to our country and its economy. New materials, new fuels, new manufacturing techniques, and new products will all find their way into every American home. Expanded communications systems and superior weather prediction through satellites will have tremendous impacts on society. New advancements in the life sciences will provide basic information about the human body which could lead to better health and longevity.

"The money spent on this effort will not be spent on the



The Nuclear Energy for Rocket Vehicle Applications (NERVA) program involved the development of an advanced, compact nuclear reactor at Los Alamos Laboratory, and the rest of the rocket engine by NASA.

Moon—it will be spent in this country, right here on Earth. It will be spent in factories, laboratories, and universities, for wages, new materials, and supplies. There are very few who will not be benefited, directly or indirectly, in one way or another."

The tactic of gross overestimates of what the lunar mission would cost was applied to projections for a manned mission to Mars—the major mission which would require the nuclear rocket. In an interview with Voice of America in 1963, Kennedy science advisor Jerome Wiesner, who opposed all manned spaceflight, did not attack the idea head on, but used the tactic of "damning it with faint praise," as Dewar describes it. Wiesner proposed that the United States could indeed land a man on Mars by the year 2000, but it would cost \$100 billion! As Dewar states: "It was a scare number," which the science advisor "pulled out of the same air as the Bureau of Budget's irresponsible numbers." NASA's own estimates at that time, were in the \$32 billion range for the manned Mars mission.

The President—seeing dissent from his science advisor, opposition from Congress, pressure from the ever-present budget-watchers, and also the possibility of improving relations with the Soviet leadership—made the stunning proposal in September 1963 that the Soviet Union join the United States in sending men to the Moon. NASA's leadership worried that with a joint lunar mission, but without the follow-on nuclear rocket and Mars programs, pre-eminence would, by default, be jettisoned.

But the Soviet leadership never took President Kennedy up on his offer, and other events intervened. The President's assassination in November 1963, as he was about to deliver a speech in Texas on the importance of the space effort, brought Lyndon Johnson into the Oval Office.

President Johnson agreed to continue a research and development effort in the nuclear rocket program, but decided to kill the plan to flight-test a nuclear engine. NERVA was reoriented to a technology demonstration effort, consonant

with the refusal of the new President to allow the space agency to formulate post-Apollo goals for the manned space program.

Years of Indecision

After the death of President Kennedy, the nuclear rocket program limped along. Impressive technical achievements were made, but the scientists and engineers could only wait for a White House decision to begin a post-Apollo program that would one day take men to Mars.

This dilemma, it seemed, was only made *worse* by the progress in the program, Dewar explains. Ground-based experimental nuclear reactor runs conducted by Aerojet and Westinghouse in the Fall of 1964 demonstrated that “in less than a year, the program was moving much, much faster than the five or so years originally expected, and this, in turn, implied Washington faced those postponed issues of flight tests and missions much earlier than anticipated or desired.”

As progress continued in the ground tests, nuclear rocket supporters in Congress, in the Atomic Energy Commission and its laboratories, and in NASA, continued to develop mission scenarios and timetables for milestones, none of which had been approved by the White House.

In the Summer of 1965, nuclear rocket program head Harry Finger summarized the stalemate: “We agree NERVA II’s missions include direct Moon flights, extensive lunar exploration, unmanned deep space shots, and manned planetary ventures. The question is, when do we do them?”

He proposed two possible approaches: If such missions were to start after Apollo, flight testing would have to be done around 1973—the more aggressive approach. Were the missions to be postponed to 1980, each year’s funding would be less, but the total program “costs more and risks morale problems with people working fifteen years before anything flies. . . . The aggressive approach allows unmanned deep space shots since there are minimal technology requirements for it.”

The more conservative option gives NASA time to develop the technologies required for “extensive manned operations,” but unnecessarily delays the use of the nuclear technology, which, before it is man-rated, could be used for unmanned science missions. The unexpected progress in the program was increasing the pressure for policymakers to make decisions on the future not just of nuclear rockets, but of the space program overall.

In the Johnson Administration, the political tide was turning. Pre-eminence in space was replaced by the social programs of the “Great Society.” NASA Administrator James Webb made a valiant effort to frame the necessary spending on space exploration within those terms, telling the President that the space program is “in its totality . . . truly representative of a Great Society. . . . It stimulates millions with new knowledge while its technologies upgrade our industries and universities. . . . This has almost explosive potential and in reality, the space program should be the cornerstone of your Great Society, and it can be if you increase its budget.”

It was, at best, a rearguard action. The London Tavistock Institute and co-thinking social control institutions had, in fact, made the takedown of the space program one of the goals of the “Great Society” hoax.

By 1966, with no post-Apollo plan approved by the President, 80,000 layoffs in the space program were already under way. Soon, the real pressure on the budget became not Johnson’s Great Society, but the war in Southeast Asia, which was costing \$2 billion per month before he left office.

With the 1969 ascension of Richard Nixon to the White House, the future of NASA and the nuclear rocket only worsened. The Federal budget crisis, due in large part to the spending for the war in Vietnam, and also to the international financial crisis, led to government-wide reductions. Despite the recommendation of the Space Task Group which Nixon had appointed, that Apollo be followed by the development of a shuttle to Earth orbit, an Earth-orbital space station, nuclear-powered spacecraft to take men to Mars, as well as a cargo ferry to the Moon, this was not deemed possible.

The space plan that President Nixon approved was developed solely in order to fit into a constantly shrinking NASA budget. Saturn V rocket production was halted, and the last three planned manned missions to the Moon were cancelled. The space station, needed as a staging base for explorations beyond the Moon, was eliminated. And no one was going to go to Mars.

Senate supporters tried every possible tactic to keep the nuclear rocket program from being shut down. They defeated Nixon’s project for a Super Sonic Transport plane, in retaliation for the cuts in the NASA budget. The legislators tried to hold hostage the funding for the Space Shuttle, which Nixon had approved, to the nuclear rocket funding. But finally NASA gave up the fight, when its budget could in no way support the planetary and manned missions that were the purpose of developing NERVA. While NASA Administrator James Fletcher proposed keeping alive a smaller nuclear engine program, George Shultz’s Office of Management and Budget zeroed the funding. Finally, on Jan. 5, 1973, NASA stunned the Atomic Energy Commission and its own scientists and engineers, by announcing that all nuclear propulsion activities had been cancelled.

Ironically, Dewar reports, the Soviet Union, which had also been developing nuclear power for space applications, “simply did not believe the United States ended [the nuclear rocket program] after so much progress. They searched for it relentlessly: to end a program with so much potential was so illogical that it must be a capitalist trick. . . .”

The Impact of the Nuclear Program

About \$1.4 billion was spent between 1955 and 1972 on the nuclear rocket propulsion programs Rover and NERVA, and about 8,000 specialists worked on them. The technologies developed through those programs had wide-ranging applications throughout the economy, as supporters had predicted they would.

To place in context the contributions of the space nuclear program, Dewar points out that it was “neither pent-up consumer demand, the automobile and housing industries, nor public works spending [that] drove the economic boom in the decades following World War II. They certainly played a major role,” but “it was the development of increasingly more sophisticated nuclear weapons by the weapons and laboratory complex, and then the application of that complex to civilian purposes,” plus the military and civilian space program, that “pushed the economy to greater prosperity.”

Although the Rover and NERVA programs remained classified throughout their 18-year life, over 100,000 unclassified reports were produced, exchanges took place between industry and laboratory personnel, other technology transfer arrangements were made, and vendor qualification programs forced companies to learn how to do precision work they would never have otherwise attempted.

The materials developed to withstand high temperatures and corrosive nuclear environments, over a long life, revolutionized technology in medical instruments, machine tools, and industrial applications.

Dewar relates how the methodology and analytical techniques developed to manage the nuclear rocket program achieved such a high reliability and safety at Westinghouse, that the company assigned executives from other divisions to

the NERVA program for several years, and then rotated them back to their former positions, to apply these new skills throughout the company.

How could a program with such a record of success, that was so vital to the future of space exploration, and had already pushed forward nuclear and industrial technologies, just simply be ended?

Dewar points to the cultural and political change in the nation, reflected by the cultural change of policymakers in Washington. Optimism, economic progress, and innovation were replaced through the 1970s by anti-technology “environmentalism,” and fear. Along with this went the dismantling of the institutions that had represented traditional American values, replacing the “producer society” with a “consumer society.” In 1976, the Senate abolished its Space Committee, as did the House. The Atomic Energy Commission was abolished during the Nixon Administration, to be replaced with an agency focussed on conservation, so-called “renewable” energy, and fear of anything nuclear. Tearing up these institutions ensured there would be no cohesive lobby for space or nuclear programs.

A generational difference also led to the demise of these programs, Dewar points out: “One could contrast different generations in Congress, for example, those who served [in Congress] after World War II versus those who served after

Dr. Glenn Seaborg on ‘The Nuclear Space Age’

“It is indeed of epochal significance that man has recently become spaceborne after his previously long earthbound existence,” wrote Nobel Laureate Glenn Seaborg in an undated pamphlet with the above title, in the late 1960s. The Apollo 11 spacecraft had not yet landed the first men on the Moon, but Dr. Seaborg, the chairman of the Atomic Energy Commission, was looking into the future. “I believe it is providential that our advancing development of the atom and our entrance into space are currently taking place side by side, in what might be called the Nuclear Space Age,” he wrote. Dr. Seaborg explained that the major advantage of nuclear energy in space is its compactness, a result of its higher energy density, as compared to the burning of chemical fuels.

Electricity produced in a space nuclear reactor is crucial, where solar energy is not readily available—such as during the two-week lunar night, or at the outer planets. Nuclear reactors will also be the enabling technology for extended manned missions to the Moon and planets, where sophisticated scientific instruments, the processing of raw materials, life support systems, and industrial activity will

require multi-megawatts of power.

Even close to Earth, he explains, high-powered nuclear systems producing power will enable a variety of activities at manned space stations, and perhaps in the future, Dr. Seaborg proposed in the 1960s, as author Arthur Clarke had suggested, a system of satellites to enable “communications marvels,” such as an “orbital post office providing delivery of copies of letters anywhere in the world only minutes after original letters are posted.”

Apart from the practical applications of space technology, however, Dr. Seaborg considers more important the “intangible reasons” for exploring space. “The Age of Space is perhaps the most exciting time in human history since the Age of Discovery that followed Columbus’ voyage. . . . When it was possible to explore the atom, we did not hesitate. It has now become feasible to explore space. We dare not shrink from the adventure. We cannot draw a curtain over a New World that is within our grasp. We cannot sit at home, so to speak, and hear second hand of new wonders that men have pondered through the ages. Our enthusiastic participation on the frontier, wherever the frontier exists, is necessary for our continuation as a dynamic and creative people. If there were no other reason for space exploration—and there are a great many more—this one would be good enough for me.”

—Marsha Freeman



In his "Apollo" speech, President Kennedy called for accelerating the nuclear rocket program. Here, the President visits the Nuclear Rocket Development Station in Nevada, in 1962. Behind the President is Dr. Glenn Seaborg, chairman of the Atomic Energy Commission, and on the left is Harry Finger, director of the nuclear rocket program office.

Vietnam. The older generation appeared more proactive, promoting the economy and creation of jobs, overseeing the administration, making it accountable and punishing its questionable deed . . . and finally, taking a personal interest in programs."

"Post-Vietnam Congresses, however," he stated, "appeared more concerned with perceived excesses of science and technology. . . . [T]hey set up two often conflicting mantras: saving the environment and enhancing education." The intense and long-term support for space nuclear programs by Congressional figures, such as Senator Anderson, Dewar concludes, who "spoke of colonizing the Solar System a year and a half before Sputnik, . . . had a vision and acted out of principle." What got lost starting in the 1970s, he states, was "the state's traditional role of providing for the common defense and promoting the general welfare and using technology to do so."

During the mid-1980s, President Reagan's Strategic Defense Initiative once again put the need for nuclear power in space on the agenda. The Department of Defense carried out classified projects to re-look at space nuclear power. Nuclear

pioneer James Powell, then at Brookhaven National Laboratory, who has developed many creative designs for space nuclear systems, developed a very small nuclear reactor for space propulsion under the SDI. He reports that advanced fuel particles, that could operate at 3,000° Kelvin for several hours, were tested. In a roundtable discussion on space nuclear power, sponsored in August 2004 by the American Institute of Aeronautics and Astronautics, Dr. Powell described some of the advantages of a nuclear reactor propulsion system. Such a system would allow a spacecraft to explore Jupiter's moon Europa, after only a two-year travel time. The high-density power would allow a small craft to land on and take off from planetary surfaces, and could even be re-fueled by electrolyzing water or ice from icy bodies, to obtain the hydrogen needed for propellant.

All of the nuclear "old hands" agreed with Dewar's advice in his book, that no new program should "reinvent the wheel," but rather start with the rich heritage from Rover and NERVA.

Mission-Oriented Exploration

Through the 1960s, when the nuclear rocket program was under constant attack, a courageous fight was made by the program's supporters, such as AEC Commissioner James Ramey. He argued for developing enabling technologies even if they do not have a "mission." The demand that there be requirements for a new technology before spending Federal dollars, he explained, came from the military, which was buying "off-the-shelf things such as guns or tanks. . . . Then the budgeters applied it to research and development, saying nothing should move beyond the prototype stage until a requirement existed."

On the contrary, he stated, "development programs should be carried out that have potential for a broad range of missions, not just a specific one." Using that approach keeps "open the real possibility that once something reaches the prototype stage, many applications will be found for it that were never considered originally."

Dewar agrees with this approach, stating that "insistence on having firm missions before permitting development, if it had existed earlier, would have prevented development of nuclear weapons, [nuclear] submarines, and [nuclear] power plants."

But Admiral Rickover surely had the goal of placing Navy nuclear reactors in submarines when he started his R&D program. And little nuclear engineering would have been funded, but for the promise of providing a new, more advanced technology for producing electric power. The potential applications existed before the technologies were ready.

Although under rational policymaking, research and development would be carried out on a broad scale, from the standpoint that the investment the nation makes in such endeavors, regardless of their specific applications, will provide economic returns in multiples of their cost.

Throughout the history of the space program, innovative future missions were constantly being planned, but real leaps

in technology were made only when there was an urgent need to meet a mission goal. When new technologies are developed, they will be applied anyway in myriad ways no one ever thought of, no matter what mission they were ostensibly designed for.

That technologies are developed to accomplish a mission, was understood by the opposition. In remarks made to President Johnson in 1964, before he left his post as President Kennedy's science advisor, Jerome Wiesner stated: "I've long argued Rover should be a laboratory effort because it lacks missions. Now, I've analyzed NASA's programs and find they are sneaking piecemeal into manned Mars [missions]. . . . They may be stealthily doing manned Mars without your knowledge or approval." From Wiesner's standpoint, that was the real "danger."

By 1966, Harry Finger was able to report at the International Astronautical Congress (IAC) in Madrid, that an operating time of 30 minutes had been achieved at a full design nuclear power reactor for 1,100 megawatts, equivalent to 55,000 pounds of thrust. The following year, a full-power test reactor had operated for about an hour—longer than would be required for most operational space missions, he explained, at an IAC meeting in October 2002. The ability to throttle the nuclear engine, or change the power levels while maintaining a high efficiency, was also demonstrated.

By the late 1960s, "the technology of the nuclear rocket propulsion was fully demonstrated as being ready for flight

mission applications, but neither commitments nor even plans were made in the U.S. space program" to make use of this technology, Finger stated.

President Bush has put forward a program to go back to the Moon and then to Mars. This certainly sounds like a mission. But the idea that this can be done without making the necessary investments, by scrapping the infrastructure that NASA has spent decades and tens of billions of dollars creating, and by using "off-the-shelf" commercial technology, makes it worse than a hollow promise.

The President has proposed that to replace the Space Shuttle, crew members be taken into space in a Crew Exploration Vehicle. But this vehicle will not make use of nuclear propulsion; in fact, it will not even be launched on a new, more efficient chemical rocket, or more advanced hypersonic vehicle. Instead, NASA has been told to find commercial products—rockets used today to launch satellites—that can be man-rated for space exploration.

NASA has initiated a low-level effort to re-evaluate nuclear propulsion technology. Finger and Dewar warn, that the most foolish thing that could be done, would be to "reinvent the wheel." The nuclear propulsion program NASA is presently designing should start from the dramatic successes of the Rover/NERVA effort. This includes bringing in the veterans. "I know that all those who had that previous nuclear experience and are still here will be eager to join the effort," Finger said, "including me!"

Challenges of Human Space Exploration

by Marsha Freeman

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It's Not Just the Dollar, It's the System

All of a sudden, the world's financial press, and even other news outlets, are filled with headlines about the "dollar crisis." As Lyndon LaRouche noted in early 2004, the international financiers were fully determined to prevent a financial debacle from occurring prior to the Nov. 2 U.S. elections. Now those elections are over, the crisis is here—on schedule, as it were.

But the fundamental point to be made is that the undeniable "dollar crisis" is actually a marker for the terminal blowout of the bankrupt world financial system. The world system seems to be on the verge of a round of dollar crises like those of 1997-98, the which nearly brought the global system to a halt. This system is finished, and the only question is, what will take its place.

The "news" around the dollar plunge is in itself extraordinary. Every day seems to set new lows for the world's premier currency against the euro, and the dollar is also falling against the yen and other Asian currencies. Gold is rapidly rising, and major purchasers and holders of dollars—including Russia and China—are making vague threats about the possibility of "diversifying," or worse.

Li Ruoguo, the deputy governor of the People's Bank of China, stunned many with his statements in an interview with the *Financial Times*, published Nov. 23, where he declared that China would not upvalue its currency under U.S. pressure. He said: "China's custom is that we never blame others for our own problem. For the past 26 years, we never put pressure or problems on to the world. The U.S. has the reverse attitude, whenever they have a problem, they blame others." China reportedly holds foreign reserves of \$515 billion, and should it reduce its current level of purchases, much less dump reserves, it would be devastating to the U.S. currency.

The first deputy chairman of the Russian central bank, Alexei Ulyukayev, and Konstantin Korishtshenko, a deputy governor of that institution, have also recently made statements indicating that Russia is thinking of diversifying its reserves, to put more into euros.

U.S. financial commentators, and such mouthpieces

of the international financial oligarchy as the *London Economist*, are warning loudly of potential catastrophe for the United States, using terms such as "Armageddon" and, "The emperor has no clothes."

Yet, it is obvious that if the United States is bankrupted by the collapse of the dollar, and of the inflow of foreign funds that hold up the U.S. economy, it is not only the U.S. that will suffer. Such a collapse will destroy the *world* financial system that is based on the dollar, unless there is a new international financial arrangement put in place, based on sovereign governments, new fixed exchange rates, and a perspective toward providing credit to reconstruct the world economy.

This reality has been a major factor in preventing China and Japan, in particular, from dumping their dollars, since, as soon as they do so, they will have to take a tremendous loss. Yet, in the face of the current dollar fall, they are taking that loss anyway.

There are basically only two directions in which the situation can go. The first is an accelerating crash under conditions in which the basic financier control of world financial flows remains unchallenged, thus leaving these synarchist bankers in a position to "reorganize" the collapsed bankrupt system along the global fascist lines they have signalled through monetarists such as Robert Mundell. The outlines of such an approach are already visible in the demands for vicious austerity being directed at the United States, as well as virtually every other nation.

The second is a bankruptcy reorganization which sets aside large portions of the world's debt, and restores control of the world financial system to sovereign governments. The only workable plan for such a reorganization currently on the table, is the New Bretton Woods proposal by leading economist Lyndon LaRouche, who uniquely understands how financial arrangements have to be subordinated to the long-term physical economic needs of the world economy, in order to put the world on track toward prosperity once again.

Let's face it. The dollar system *is* finished, but there's a solution available. It's time to get to work.

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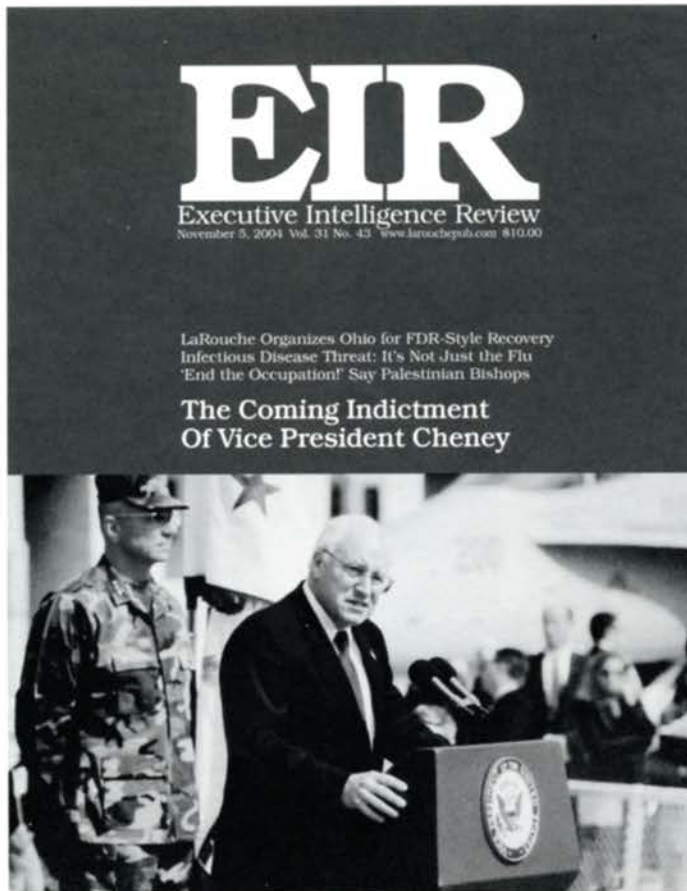
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